

CITY OF PAMPA, TEXAS
ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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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 27, 2023

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the annual comprehensive financial report of the City of Pampa, Texas (the “City of Pampa”) for the fiscal year ended September 30, 2022.

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

The City of Pampa’s financial statements have been audited by Brown, Graham & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pampa for the fiscal year ended September 30, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Pampa’s financial statements for the fiscal year ended September 30, 2022, 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 the MD&A and should be read in conjunction with it. The City of Pampa's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 16,900. 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. Commissioners serve four-year staggered terms, with two commissioners elected every two years. The mayor is also elected to serve a four-year term. The mayor and the commissioners are elected at large.

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

The annual budget serves as the foundation for the City of Pampa's financial planning and control. All departments of the City of Pampa are required to submit requests for appropriation to the government's manager. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the commission for review. The commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Pampa's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 47 as part of the basic financial statements for the governmental funds. For the debt service, capital projects, Coronavirus relief fund, controlled substances, M.K. Brown auditorium, Lovett Memorial Library, and M.K. Brown permanent funds, these comparisons are presented in the governmental fund subsection of this report, which starts on page 125.

Factors Affecting Financial Condition

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

Local economy. The City of Pampa has a diverse industrial base. The industries in the area include oil and gas production, various petroleum-based industries, cattle, and grain production. There are specialized chemical and carbon black plants as well as a carbon black research and development facility. The Pampa Economic Development Corporation (“EDC”) owns and operates an industrial facility outside the city limits providing plant operation facilities, rail services, and warehousing space. There is a new wind turbine tower manufacturing facility west of town, which will ultimately create up to 300 new jobs. There is also a state prison located one and one-half miles east of the City and a cotton gin south of Pampa. Over the past few years, one of the local shopping centers has upgraded the retail space and has placed tenants who provide retail sales and food services to our community. Another shopping area is under new ownership and has new retailers coming in. New builds include a new home improvement center, a new optometrist office, two new coffee shops and a new convenience store. The downtown area is experiencing revitalization with new stores opening, construction of a new bank, new accessible sidewalks, handrails and parking, and several events planned. The total labor force in Gray County is 5,819. The unemployment rate was 5.3% in December 2021 and 4.5% in December 2022.

Long-term financial planning. Recent announcements have been made regarding large expansions to multiple industrial companies in Gray County. These expansions, along with related support services companies will add jobs, increase the tax base and spur additional housing developments in Pampa. Legislation regarding sales tax on internet sales should increase the amount of sales tax revenue coming to our City.

Many years ago, the City instituted a five-year capital improvement plan to provide for current needs as well as future needs. This has proven instrumental as a budget planning tool. City management has developed and implemented a program of soliciting citizen involvement and participation in formulating such plans, with a primary emphasis on citizen advisory boards.

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

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

The City is a member of the Texas Municipal Retirement System (the “System”). The City’s rate of contribution to the System for the benefit of its employees is computed by actuaries of the System. In an effort to reduce the pension liability, the City has opted to contribute at the full rate determined by the actuaries rather than the mandatory phase-in rate offered.

Relevant financial policies. The goal of the City is to sustain budgetary control and maintain a healthy fund balance in the general fund. The City’s fund balance policy provides for a minimum unassigned fund balance in the general fund to ensure adequate liquid resources in the event of unanticipated circumstances. This is set at a minimum of 20% of budgeted revenues for the fiscal year, providing roughly 75 days of estimated expenditures. The policy also defines when the minimum fund balance may be spent and provides for replenishment. Although the policy requires a minimum of 20%, management’s goal is to maintain at least 25% of reserves in fund balance at all times.

Major initiatives. Beginning in 2014-15, the City instituted a surcharge on all water accounts designated to provide funding for future water and wastewater infrastructure projects. The wastewater treatment plant renovation is currently underway with an estimated completion date of September, 2023.

In 2016-17, the City instituted an operation community pride fee for residential solid waste customers to provide a front yard bulky waste collection program, as well as the interactive operation community pride app, where customers can request services or report issues within city limits.


Awards and Acknowledgments

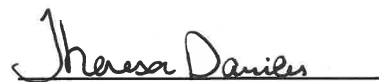
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pampa for its annual comprehensive financial report (ACFR) for the fiscal year ended September 30, 2021. This was the 34th consecutive year that the City of Pampa has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized ACFR. 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 ACFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,


Shane Stokes
City Manager


Theresa Daniels
Director of Finance



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Pampa
Texas**

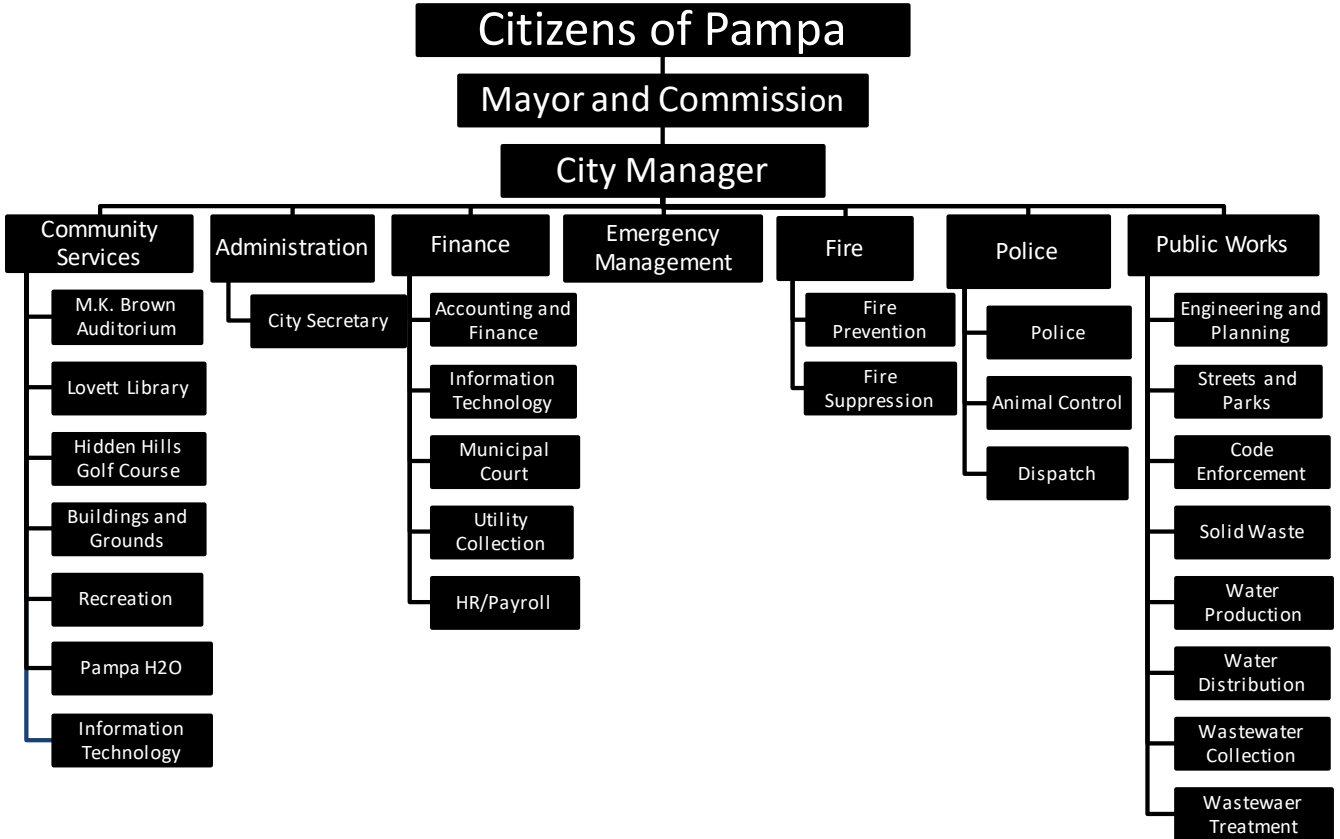
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

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CITY OF PAMPA, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

AS OF SEPTEMBER 30, 2022

GOVERNING BODY:

| | |
|---------------|----------------------|
| Lance DeFever | Mayor |
| Paul Searl | Commissioner, Ward 1 |
| Brian Doughty | Commissioner, Ward 2 |
| Jimmy Keough | Commissioner, Ward 3 |
| Jimmy Reed | Commissioner, Ward 4 |

OTHER PRINCIPAL OFFICIALS:

| | |
|-----------------|--------------------------------|
| Shane Stokes | City Manager |
| Barbara Stucker | City Secretary |
| Theresa Daniels | Director of Finance |
| Lance Richburg | Police Chief |
| Kasey Presson | Fire Chief |
| Gary Turley | Director of Public Works |
| Dustin Miller | Director of Community Services |
| Bryan Guymon | City Attorney |
| Elaine Johnson | Municipal Court Judge |

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FINANCIAL SECTION

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BROWN, GRAHAM & COMPANY, P.C.

Certified Public Accountants

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UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION

Independent Auditor's Report

**Honorable Mayor Lance DeFever and
City Commission
Pampa, Texas**

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

**Honorable Mayor Lance DeFever and
City Commission**

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23-32, and the Texas Municipal Retirement System schedule of changes in net pension liability and related ratios, schedule of pension contributions, notes to schedule of pension contributions, schedule of changes in total OPEB liability and related ratios, and notes to schedule of OPEB contributions on pages 110-116, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

**Honorable Mayor Lance DeFever and
City Commission**

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, governmental capital asset schedules, and the statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements, budgetary comparison schedules, and the governmental capital asset schedules are the responsibility of the City's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements.

Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and governmental capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2023, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 27, 2023

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

Management's Discussion and Analysis

As management of the City of Pampa, Texas (the "City of Pampa"), we offer readers of the City of Pampa's financial statements this narrative overview and analysis of the financial activities of the City of Pampa for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. Comparable totals on changes in net position and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2021, as well.

Financial Highlights

- The assets and deferred outflows of the City of Pampa exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$31,436,617 (*net position*).
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$9,974,777. Approximately 30% of this total amount, \$3,004,725 is unassigned and *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$3,004,725 or 20% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Pampa maintains nine individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund, capital projects fund, and Coronavirus Relief Fund, which are the City's major governmental funds.

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

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

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

Proprietary funds. The City of Pampa maintains two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City of Pampa uses enterprise funds to account for its water and sewer system, solid waste management, aquatics center, municipal golf course, and leased properties. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Pampa's various functions. The City of Pampa uses an internal service fund to account for its dental insurance benefits provided to employees. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

The basic proprietary fund financial statements can be found on pages 48-51 of this report.

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

The basic fiduciary fund financial statements can be found on pages 52-53 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 54-107 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pampa's changes in net pension liability, changes in total other post-employment benefit (OPEB) liability, and contributions to the Texas Municipal Retirement System. This required supplementary information can be found on pages 110-116 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 118-124 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Pampa, assets and deferred outflows exceeded liabilities and deferred inflows by \$31,436,617 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net position (74%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Pampa uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending.

Although the City of Pampa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Fiscal year 2022 resulted in an increase in net position in the governmental activities and a decrease in the business-type activities. Governmental activities increased the City of Pampa's net position by \$5,665,551. A contributing factor to this increase in net position was a transfer from the Water and Sewer fund to the Capital Projects fund of \$4,000,000. There was a decrease of \$3,329,869, or 12% in net position in the business-type activities as compared to the prior fiscal year, with a decrease of \$2,324,265 coming from the water and sewer system fund, which was primarily a result of a transfer from the water and sewer system fund to the capital projects fund.

Approximately 21%, \$6,583,527, of the City of Pampa's net position is subject to external restrictions on how it may be used. The remaining unrestricted net position is \$1,743,642.

At the end of the current fiscal year, the City of Pampa is able to report positive balances in all three categories of net position for the business-type activities but reported a deficit in unrestricted net position in the governmental activities of \$6,720,401. There were three principal factors which contributed to the deficit in unrestricted net position of the governmental activities that initially occurred in fiscal year 2015, the transfer of the outstanding debt of the aquatics center fund to the governmental activities and the recognition of the City's net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement 68. The transfer of the debt and recognition of the City's net pension liability resulted in liabilities for the governmental activities for which there are no associated assets. The other factor occurred during fiscal year 2018, GASB Statement 75 was issued resulting in recognition of the City's total OPEB liability which created an additional liability for the governmental activities for which there is no associated asset. In response to these factors, the City will continue to make required contributions to TMRS at the actuarially determined full rate, as provided to the City by TMRS and not the allowed phase-in rate in an effort to address the unfunded liability. For the current year, the net position from governmental activities was increased by \$5,665,551 as described above. The City will continue to provide the current services provided to the citizens, while maintaining focus on the revenues available and costs of providing the services, and their impact on the net position of the City's governmental activities.

CITY OF PAMPA'S NET POSITION

| | Governmental Activities 2022 | Business-type Activities 2022 | Total 2022 |
|--------------------------------------|---|--|-----------------------|
| Current and other assets | \$ 15,224,164 | \$ 14,898,402 | \$ 30,122,566 |
| Capital assets | 11,026,740 | 26,156,511 | 37,183,251 |
| Total assets | <u>26,250,904</u> | <u>41,054,913</u> | <u>67,305,817</u> |
| Deferred charge on refunding | 17,317 | 122,733 | 140,050 |
| Deferred outflow related to TMRS | 1,287,432 | 250,311 | 1,537,743 |
| Total deferred outflows of resources | <u>1,304,749</u> | <u>373,044</u> | <u>1,677,793</u> |
| Long-term liabilities outstanding | 15,778,794 | 12,502,010 | 28,280,804 |
| Other liabilities | 4,962,700 | 1,025,734 | 5,988,434 |
| Total liabilities | <u>20,741,494</u> | <u>13,527,744</u> | <u>34,269,238</u> |
| Deferred inflow related to leases | - | 47,217 | 47,217 |
| Deferred inflow related to TMRS | 2,702,230 | 528,308 | 3,230,538 |
| Total deferred inflows of resources | <u>2,702,230</u> | <u>575,525</u> | <u>3,277,755</u> |
| Net position: | | | |
| Net investment in capital assets | 5,216,836 | 20,077,471 | 23,109,448 |
| Restricted | 5,615,494 | 968,033 | 6,583,527 |
| Unrestricted | <u>(6,720,401)</u> | <u>6,279,184</u> | <u>1,743,642</u> |
| Total net position | <u>\$ 4,111,929</u> | <u>\$ 27,324,688</u> | <u>\$ 31,436,617</u> |
| | Governmental Activities 2021 | Business-type Activities 2021 | Total 2021 |
| Current and other assets | \$ 10,057,892 | \$ 18,474,958 | \$ 28,532,850 |
| Capital assets | 11,109,787 | 27,280,063 | 38,389,850 |
| Total assets | <u>21,167,679</u> | <u>45,755,021</u> | <u>66,922,700</u> |
| Deferred charge on refunding | 65,629 | 164,779 | 230,408 |
| Deferred outflow related to TMRS | 1,277,364 | 252,664 | 1,530,028 |
| Total deferred outflows of resources | <u>1,342,993</u> | <u>417,443</u> | <u>1,760,436</u> |
| Long-term liabilities outstanding | 19,191,595 | 14,171,765 | 33,363,360 |
| Other liabilities | 3,422,287 | 1,061,429 | 4,483,716 |
| Total liabilities | <u>22,613,882</u> | <u>15,233,194</u> | <u>37,847,076</u> |
| Deferred inflow related to TMRS | 1,450,412 | 284,713 | 1,735,125 |
| Total deferred inflows of resources | <u>1,450,412</u> | <u>284,713</u> | <u>1,735,125</u> |
| Net position: | | | |
| Net investment in capital assets | 4,940,589 | 20,050,078 | 22,464,143 |
| Restricted | 2,011,625 | 2,431,187 | 4,442,812 |
| Unrestricted | <u>(8,505,836)</u> | <u>8,173,292</u> | <u>2,193,980</u> |
| Total net position | <u>\$ (1,553,622)</u> | <u>\$ 30,654,557</u> | <u>\$ 29,100,935</u> |

CITY OF PAMPA CHANGES IN NET POSITION

| | <u>Governmental</u> | <u>Business-type</u> | <u>Total</u> |
|---|---------------------|----------------------|----------------------|
| | <u>Activities</u> | <u>Activities</u> | |
| | <u>2022</u> | <u>2022</u> | <u>2022</u> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 4,849,675 | \$ 10,851,303 | \$ 15,700,978 |
| Operating grants | 241,166 | - | 241,166 |
| Capital grants and contributions | 46,778 | - | 46,778 |
| General revenues: | | | |
| Property taxes | 4,823,142 | - | 4,823,142 |
| Sales taxes | 4,101,564 | - | 4,101,564 |
| Other taxes | 1,869,508 | - | 1,869,508 |
| Interest on leases | - | 2,369 | 2,369 |
| Miscellaneous | 171,217 | 470,522 | 641,739 |
| Total revenues | <u>16,103,050</u> | <u>11,324,194</u> | <u>27,427,244</u> |
| Expenses: | | | |
| General government | 2,167,833 | - | 2,167,833 |
| Public safety | 7,667,203 | - | 7,667,203 |
| Streets and traffic | 1,736,588 | - | 1,736,588 |
| Solid waste management | 1,514,669 | - | 1,514,669 |
| Culture and recreation | 1,623,762 | - | 1,623,762 |
| Interest on long-term debt | 230,154 | - | 230,154 |
| Water and sewer system | - | 6,554,975 | 6,554,975 |
| Solid waste management | - | 2,339,920 | 2,339,920 |
| Aquatics center | - | 504,506 | 504,506 |
| Golf course | - | 714,855 | 714,855 |
| Leased properties | - | 37,097 | 37,097 |
| Total expenses | <u>14,940,209</u> | <u>10,151,353</u> | <u>25,091,562</u> |
| Change in net position before transfers | 1,162,841 | 1,172,841 | 2,335,682 |
| Transfers in (out) | <u>4,502,710</u> | <u>(4,502,710)</u> | <u>-</u> |
| Change in net position after transfers | <u>5,665,551</u> | <u>(3,329,869)</u> | <u>2,335,682</u> |
| Net position - beginning of year | <u>(1,553,622)</u> | <u>30,654,557</u> | <u>29,100,935</u> |
| Net position - end of year | <u>\$ 4,111,929</u> | <u>\$ 27,324,688</u> | <u>\$ 31,436,617</u> |

CITY OF PAMPA CHANGES IN NET POSITION

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|---|------------------------------------|-------------------------------------|----------------------|
| | <u>2021</u> | <u>2021</u> | <u>2021</u> |
| Revenues: | | | |
| Program revenues: | | | |
| Charges for services | \$ 4,788,552 | \$ 10,420,063 | \$ 15,208,615 |
| Operating grants | 259,336 | - | 259,336 |
| Capital grants and contributions | 77,000 | - | 77,000 |
| General revenues: | | | |
| Property taxes | 4,681,526 | - | 4,681,526 |
| Sales taxes | 3,733,779 | - | 3,733,779 |
| Other taxes | 1,633,344 | - | 1,633,344 |
| Miscellaneous | 317,748 | 204,147 | 521,895 |
| Total revenues | <u>15,491,285</u> | <u>10,624,210</u> | <u>26,115,495</u> |
| Expenses: | | | |
| General government | 2,123,641 | - | 2,123,641 |
| Public safety | 7,629,463 | - | 7,629,463 |
| Streets and traffic | 1,725,897 | - | 1,725,897 |
| Solid waste management | 1,393,156 | - | 1,393,156 |
| Culture and recreation | 1,529,043 | - | 1,529,043 |
| Interest on long-term debt | 258,476 | - | 258,476 |
| Water and sewer system | - | 6,378,808 | 6,378,808 |
| Solid waste management | - | 2,110,757 | 2,110,757 |
| Aquatics center | - | 474,009 | 474,009 |
| Golf course | - | 693,281 | 693,281 |
| Leased properties | - | 56,887 | 56,887 |
| Total expenses | <u>14,659,676</u> | <u>9,713,742</u> | <u>24,373,418</u> |
| Change in net position before transfers | 831,609 | 910,468 | 1,742,077 |
| Transfers in (out) | <u>252,710</u> | <u>(252,710)</u> | <u>-</u> |
| Change in net position after transfers | 1,084,319 | 657,758 | 1,742,077 |
| Net position - beginning of year, | <u>(2,637,941)</u> | <u>29,996,799</u> | <u>27,358,858</u> |
| Net position - end of year | <u>\$ (1,553,622)</u> | <u>\$ 30,654,557</u> | <u>\$ 29,100,935</u> |

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unassigned fund balance of the general fund was \$3,004,725, while total fund balance was \$4,776,095. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 20% of total general fund expenditures, while total fund balance represents 32% of that same amount. The general fund decreased fund balance by \$264,237. The primary reason for the decrease in fund balance is related to capital outlay as discussed below.

The other major governmental funds include the capital projects fund and the Coronavirus relief fund. At the end of the current fiscal year, the capital projects fund reported restricted fund balance of \$4,433,668, and the fund increased fund balance by \$3,783,908. The primary reason for the increase in fund balance is related to a transfer of \$4,000,000 from the water and sewer system fund for capital projects as discussed below. The Coronavirus relief fund report no fund balance, and no changes to fund balance. The primary reason for no fund balance or changes in fund balance is related to grant funds received during the current fiscal year that have not been expended. These funds are reported as unearned revenue until expended.

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

Unrestricted net position in the Water and Sewer System Fund at the end of the year amounted to \$7,198,390; the Solid Waste Management Fund amounted to a deficit of \$700,477; the Aquatics Center amounted to a deficit of \$154,010; the Leased Properties Fund amounted to \$454,635; and the Municipal Golf Course amounted to a deficit of \$519,354.

In an effort to maintain net position, rates were maintained and the surcharge for capital improvements was continued in the Water and Sewer fund and rates were increased in the Solid Waste fund. The water and sewer system fund decreased net position by \$2,324,265 as the reserves built up for capital improvements in prior years were transferred to the capital projects fund totaling \$4,000,000. Net position in the Solid Waste Management fund decreased by \$311,339. During a prior year, the City had an engineering firm do a study on the fee structure at the landfill. Rates were adjusted based on the study findings and expenditures have been monitored in an effort to improve net position and fund construction of cells 5A and 6A. The new cell construction was completed in early 2018 without the issuance of new debt. The Aquatics Center and Municipal Golf Course funds received operating transfers to supplement operations. The Leased Properties fund decreased net position by \$476,420, primarily as a result of transfers totaling \$450,000 to the General fund.

General Fund Budgetary Highlights

During the year, there was a \$414,347 increase in projected revenues between the original budget and the final amended budget. The actual revenues exceeded the budgeted revenues by \$290,168. Total tax revenues were greater than the budgeted amounts by \$211,689. Charges for services, fines, and investment earnings exceeded budgeted revenues by \$49,622, \$11,808, and \$15,577, respectively. In addition to these, other variances combined for a positive variance in budgeted appropriations of \$1,472. Revenue is expected to steadily increase, primarily due to recent sales tax legislation on internet sales.

During the year, there was also a \$518,433 increase in projected expenditures between the original budget and the final amended budget. Actual expenditures were under the final budget by \$207,441. General government, public safety, streets and traffic, solid waste management and culture and recreation expenditures were less than budgeted expenditures by \$70,203, \$289,959, \$51,583, \$3,702, and \$58,075, respectively. In addition to these, capital outlay reflected a positive budget variance of \$119,801, and total debt service budgeted expenditures exceeded the actual by \$1. Negative budget variances resulted from implementation of GASB 87, *Leases*, where all lease principal, interest and right-to-use leased asset outlays are reported separately for fiscal year 2022. These expenditures were originally budgeted for in the various City general fund departments.

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, 2022 amounted to \$37,183,251 net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$528,451. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, right-to-use lease assets, roads, bridges, and infrastructure assets.

Significant additions of capital assets for the governmental activities included \$98,243 for the armory improvement project, \$9,760 for the dog park project, \$48,680 for a police command trailer upfit, \$41,941 for a skidsteer loader, \$39,761 for brick valley improvements, \$96,497 for the sealcoat project, \$48,134 for the Willingham lighting project, \$221,000 for a sideloader truck, \$571,853 for right-to-use lease vehicles and equipment, various building and improvements with a total cost of \$23,568, and various vehicles and equipment with a total cost of \$167,936.

Significant capital asset additions in the City's business-type activities included \$1,309,022 for the construction projects in process at year end, \$79,560 for a sewer manhole replacement, \$69,470 for an excavator, \$30,521 for golf course improvements, and \$49,430 for right-to-use lease vehicles and equipment. Additional information on the City of Pampa's capital assets and construction projects may be found on pages 71-73, and page 84-85 of the ACFR under Note 6 and Note 11 in the Notes to the Financial Statements.

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

| | Governmental | Business-type | Total |
|--------------------------------|----------------------|----------------------|----------------------|
| | Activities | Activities | 2022 |
| | 2022 | 2022 | 2022 |
| Land | \$ 48,829 | \$ 776,141 | \$ 824,970 |
| Collection | 203,500 | - | 203,500 |
| Water rights | - | 5,426,271 | 5,426,271 |
| Buildings and improvements | 6,044,835 | 14,013,397 | 20,058,232 |
| Vehicles and equipment | 4,089,988 | 1,529,461 | 5,619,449 |
| Right-to-use lease assets | 435,088 | 30,977 | 466,065 |
| Surface water supply contracts | - | 1,976,445 | 1,976,445 |
| Roads | 96,497 | - | 96,497 |
| Construction in progress | 108,003 | 2,403,819 | 2,511,822 |
| Total | <u>\$ 11,026,740</u> | <u>\$ 26,156,511</u> | <u>\$ 37,183,251</u> |
| | 2021 | 2021 | 2021 |
| Land | \$ 48,829 | \$ 791,891 | \$ 840,720 |
| Collection | 203,500 | - | 203,500 |
| Water rights | - | 5,578,047 | 5,578,047 |
| Buildings and improvements | 6,420,234 | 15,629,222 | 22,049,456 |
| Vehicles and equipment | 4,437,224 | 2,145,904 | 6,583,128 |
| Surface water supply contracts | - | 2,040,202 | 2,040,202 |
| Construction in progress | - | 1,094,797 | 1,094,797 |
| Total | <u>\$ 11,109,787</u> | <u>\$ 27,280,063</u> | <u>\$ 38,389,850</u> |

Long-term Debt. At the end of the current fiscal year, the City of Pampa had total bonded and tax note debt outstanding including that incurred as part of participating in the Canadian River Municipal Water Authority (CRMWA), of \$16,731,942.

Of this amount, \$8,330,000 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa’s overall bonded and tax note debt decreased by \$2,431,389 as compared to the prior year. Additional information concerning long-term debt is located in Note 8 in the Notes to the Financial Statements, on pages 76-83. The following schedule summarizes the City of Pampa’s outstanding tax note and bonded debt, excluding amounts attributable to its participation in CRMWA.

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

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|--------------------------|------------------------------------|-------------------------------------|----------------------|
| | <u>2022</u> | <u>2022</u> | <u>2022</u> |
| General obligation bonds | \$ 7,055,000 | \$ - | \$ 7,055,000 |
| Tax notes | 1,275,000 | - | 1,275,000 |
| Revenue bonds | - | 5,230,000 | 5,230,000 |
| Total | <u>\$ 8,330,000</u> | <u>\$ 5,230,000</u> | <u>\$ 13,560,000</u> |
| | <u>2021</u> | <u>2021</u> | <u>2021</u> |
| General obligation bonds | \$ 7,910,000 | \$ - | \$ 7,910,000 |
| Tax notes | 1,580,000 | - | 1,580,000 |
| Revenue bonds | - | 5,955,000 | 5,955,000 |
| Total | <u>\$ 9,490,000</u> | <u>\$ 5,955,000</u> | <u>\$ 15,445,000</u> |

Implementation of GASB 87

During the year ended September 30, 2022, the City implemented GASB Statement No. 87, *Leases*. This GASB statement changed how governmental entities account for and report right-to-use assets and right-to-use lease liabilities. Notes 6, 7, and 8 in the notes to the financial statements include discussion and disclosure of how implementation of the statement impacts the City’s financial statements for the year ended September 30, 2022.

Economic Factors and Next Year’s Budgets and Rates

The City of Pampa’s unemployment rate, currently 4.5% as of December 2022, is higher than the State adjusted (3.6) and National adjusted (3.3) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa’s budget for the 2022-23 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.

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | Primary Government | | | Component Unit: Pampa Economic Development Corporation |
|--|----------------------------|-----------------------------|----------------------|---|
| | Governmental Activities | Business-type Activities | Total | |
| Assets: | | | | |
| Cash and cash equivalents | \$ 10,473,091 | \$ 11,476,037 | \$ 21,949,128 | \$ 6,211,231 |
| Investments | 400,000 | - | 400,000 | 502,654 |
| Receivables, net of allowance for uncollectibles | 1,667,590 | 1,140,759 | 2,808,349 | 260,873 |
| Internal balances | 501,210 | (501,210) | - | - |
| Inventories | 68,211 | 494,240 | 562,451 | - |
| Prepaid items | 15,862 | 8,490 | 24,352 | 94,338 |
| Restricted assets: | | | | |
| Cash and cash equivalents | 1,747,784 | 1,179,997 | 2,927,781 | - |
| Investments | 350,000 | - | 350,000 | - |
| Accrued interest | 416 | - | 416 | - |
| Receivable - CRMWA | - | 330,377 | 330,377 | - |
| Note receivable | - | 194,838 | 194,838 | 2,826,023 |
| Leases Receivable | - | 46,423 | 46,423 | 7,807,019 |
| Capital assets, net of accumulated depreciation and amortization: | | | | |
| Land | 48,829 | 776,141 | 824,970 | 449,576 |
| Collection | 203,500 | - | 203,500 | - |
| Water rights | - | 5,426,271 | 5,426,271 | 600,000 |
| Buildings and improvements | 6,044,835 | 14,013,397 | 20,058,232 | 3,433,223 |
| Vehicles and equipment | 4,089,988 | 1,529,461 | 5,619,449 | 155,633 |
| Right-to-use lease assets | 435,088 | 30,977 | 466,065 | - |
| Surface water supply contracts | - | 1,976,445 | 1,976,445 | - |
| Roads | 96,497 | - | 96,497 | - |
| Construction in progress | 108,003 | 2,403,819 | 2,511,822 | - |
| Unamortized landfill permit costs | - | 528,451 | 528,451 | - |
| Total assets | 26,250,904 | 41,054,913 | 67,305,817 | 22,340,570 |
| Deferred outflows of resources: | | | | |
| Deferred charge on refunding | 17,317 | 122,733 | 140,050 | - |
| Deferred outflow related to TMRS | 1,287,432 | 250,311 | 1,537,743 | - |
| Total deferred outflows of resources | 1,304,749 | 373,044 | 1,677,793 | - |
| Liabilities: | | | | |
| Accounts payable | 481,501 | 415,010 | 896,511 | 414 |
| Accrued expenses | 200,820 | 592,842 | 793,662 | 40,189 |
| Unearned revenue | 4,280,379 | 17,882 | 4,298,261 | 14,737 |
| Non-current liabilities: | | | | |
| Due within one year | 1,180,519 | 1,354,789 | 2,535,308 | 75,031 |
| Due in more than one year | 8,542,648 | 9,959,433 | 18,502,081 | 1,134,059 |
| Net pension liability | 5,425,458 | 1,064,190 | 6,489,648 | - |
| Total OPEB liability | 630,169 | 123,598 | 753,767 | - |
| Total liabilities | 20,741,494 | 13,527,744 | 34,269,238 | 1,264,430 |
| Deferred inflows of resources: | | | | |
| Deferred inflow - leases | - | 47,217 | 47,217 | 7,541,600 |
| Deferred inflow related to TMRS | 2,702,230 | 528,308 | 3,230,538 | - |
| Total deferred inflows of resources | 2,702,230 | 575,525 | 3,277,755 | 7,541,600 |
| Net position: | | | | |
| Net investment in capital assets | 5,216,836 | 20,077,471 | 23,109,448 | 3,438,045 |
| Restricted for municipal court | 145,788 | - | 145,788 | - |
| Restricted for public programming facilities | 151,101 | - | 151,101 | - |
| Restricted for park maintenance | 85,620 | - | 85,620 | - |
| Restricted for debt service | 125,616 | 290,339 | 415,955 | - |
| Restricted for capital projects | 4,452,886 | 677,694 | 5,130,580 | - |
| Restricted for fire department | 4,107 | - | 4,107 | - |
| Restricted for Lovett library | 236,138 | - | 236,138 | - |
| Restricted for law enforcement | 5,685 | - | 5,685 | - |
| Restricted for M.K. Brown Auditorium: | | | | |
| Expendable | 58,553 | - | 58,553 | - |
| Nonexpendable | 350,000 | - | 350,000 | - |
| Unrestricted net position (deficit) | (6,720,401) | 6,279,184 | 1,743,642 | 10,096,495 |
| Total net position (deficit) | \$ 4,111,929 | \$ 27,324,688 | \$ 31,436,617 | \$ 13,534,540 |

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, 2022**

| <u>Functions/Programs</u> | <u>Expenses</u> | <u>Program Revenues</u> | | |
|--------------------------------|----------------------|---------------------------------|---|---|
| | | <u>Charges for Services</u> | <u>Operating Grants and Contributions</u> | <u>Capital Grants and Contributions</u> |
| Primary government: | | | | |
| Governmental activities: | | | | |
| General government | \$ 2,167,833 | \$ 1,244,859 | \$ 20,000 | \$ - |
| Public safety | 7,667,203 | 786,183 | 161,859 | 23,750 |
| Streets and traffic | 1,736,588 | - | - | 23,028 |
| Solid waste management | 1,514,669 | 2,515,712 | - | - |
| Culture and recreation | 1,623,762 | 302,921 | 59,307 | - |
| Interest on long-term debt | 230,154 | - | - | - |
| Total governmental activities | <u>14,940,209</u> | <u>4,849,675</u> | <u>241,166</u> | <u>46,778</u> |
| Business-type activities: | | | | |
| Water and sewer system | 6,554,975 | 8,277,170 | - | - |
| Solid waste management | 2,339,920 | 1,964,350 | - | - |
| Aquatics center | 504,506 | 230,160 | - | - |
| Golf course | 714,855 | 330,042 | - | - |
| Leased properties | 37,097 | 49,581 | - | - |
| Total business-type activities | <u>10,151,353</u> | <u>10,851,303</u> | <u>-</u> | <u>-</u> |
| Total primary government | <u>\$ 25,091,562</u> | <u>\$ 15,700,978</u> | <u>\$ 241,166</u> | <u>\$ 46,778</u> |
| Component Unit: | | | | |
| PEDC | <u>\$ 1,866,182</u> | <u>\$ 2,292,438</u> | <u>\$ -</u> | <u>\$ -</u> |

General revenues:
Property taxes levied for general purposes
Property taxes levied for debt service
Sales taxes
Utility taxes
Hotel & motel taxes
Alcoholic beverage taxes
Investment earnings
Interest on leases
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

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

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

| Primary Government | | | Component Unit: Pampa Economic Development Corporation |
|------------------------------------|-------------------------------------|----------------------|---|
| Governmental Activities | Business-type Activities | Total | |
| \$ (902,974) | \$ - | \$ (902,974) | \$ - |
| (6,695,411) | - | (6,695,411) | - |
| (1,713,560) | - | (1,713,560) | - |
| 1,001,043 | - | 1,001,043 | - |
| (1,261,534) | - | (1,261,534) | - |
| (230,154) | - | (230,154) | - |
| <u>(9,802,590)</u> | <u>-</u> | <u>(9,802,590)</u> | <u>-</u> |
| - | 1,722,195 | 1,722,195 | - |
| - | (375,570) | (375,570) | - |
| - | (274,346) | (274,346) | - |
| - | (384,813) | (384,813) | - |
| - | 12,484 | 12,484 | - |
| <u>-</u> | <u>699,950</u> | <u>699,950</u> | <u>-</u> |
| <u>(9,802,590)</u> | <u>699,950</u> | <u>(9,102,640)</u> | <u>-</u> |
| <u>-</u> | <u>-</u> | <u>-</u> | <u>426,256</u> |
| 3,597,043 | - | 3,597,043 | - |
| 1,226,099 | - | 1,226,099 | - |
| 4,101,564 | - | 4,101,564 | 1,367,188 |
| 1,461,364 | - | 1,461,364 | - |
| 388,054 | - | 388,054 | - |
| 20,090 | - | 20,090 | - |
| 61,475 | 30,933 | 92,408 | 307,532 |
| - | 2,369 | 2,369 | - |
| 109,742 | 439,589 | 549,331 | 37,973 |
| 4,502,710 | (4,502,710) | - | - |
| <u>15,468,141</u> | <u>(4,029,819)</u> | <u>11,438,322</u> | <u>1,712,693</u> |
| <u>5,665,551</u> | <u>(3,329,869)</u> | <u>2,335,682</u> | <u>2,138,949</u> |
| <u>(1,553,622)</u> | <u>30,654,557</u> | <u>29,100,935</u> | <u>11,395,591</u> |
| <u>\$ 4,111,929</u> | <u>\$ 27,324,688</u> | <u>\$ 31,436,617</u> | <u>\$ 13,534,540</u> |

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022

| | <u>General</u> | <u>Capital Projects</u> | <u>Coronavirus Relief Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|------------------------------------|---|---|
| Assets: | | | | | |
| Cash and cash equivalents | \$ 2,298,344 | \$ 3,485,915 | \$ 4,214,797 | \$ 594,088 | \$ 10,593,144 |
| Investments | 400,000 | - | - | - | 400,000 |
| Accrued interest receivable | 2,683 | - | - | - | 2,683 |
| Receivables (net of allowance for uncollectibles) | 1,548,823 | - | - | 116,084 | 1,664,907 |
| Due from other funds | 722,760 | - | - | - | 722,760 |
| Inventories | 68,211 | - | - | - | 68,211 |
| Prepaid items | 15,338 | - | - | 524 | 15,862 |
| Restricted assets: | | | | | |
| Restricted cash | 405,834 | 1,035,372 | - | 56,577 | 1,497,783 |
| Restricted accrued interest | - | - | - | 416 | 416 |
| Restricted investments | - | - | - | 350,000 | 350,000 |
| Total assets | \$ 5,461,993 | \$ 4,521,287 | \$ 4,214,797 | \$ 1,117,689 | \$ 15,315,766 |
| Liabilities, deferred inflows and fund balances: | | | | | |
| Liabilities: | | | | | |
| Accounts payable | \$ 362,022 | \$ 87,619 | \$ - | \$ 28,114 | \$ 477,755 |
| Accrued expenditures | 162,983 | - | - | 6,429 | 169,412 |
| Due to other funds | - | - | 4,821 | 216,729 | 221,550 |
| Unearned revenue | 11,910 | - | 4,209,976 | 58,493 | 4,280,379 |
| Total liabilities | 536,915 | 87,619 | 4,214,797 | 309,765 | 5,149,096 |
| Deferred inflows of resources: | | | | | |
| Unavailable revenue - property taxes | 148,983 | - | - | 42,910 | 191,893 |
| Total deferred inflows of resources | 148,983 | - | - | 42,910 | 191,893 |
| Fund balances: | | | | | |
| Nonspendable fund balance: | | | | | |
| Prepaid items | 15,338 | - | - | 524 | 15,862 |
| Inventories | 68,211 | - | - | - | 68,211 |
| Permanent fund principal | - | - | - | 350,000 | 350,000 |
| Restricted fund balance: | | | | | |
| Municipal court security and technology | 145,788 | - | - | - | 145,788 |
| Public programming facilities | 151,101 | - | - | - | 151,101 |
| Park maintenance | 85,620 | - | - | - | 85,620 |
| Fire department | 4,107 | - | - | - | 4,107 |
| Debt service | - | - | - | 122,668 | 122,668 |
| Capital acquisition | 19,218 | 4,433,668 | - | - | 4,452,886 |
| M.K. Brown Auditorium | - | - | - | 58,553 | 58,553 |
| Lovett Library | - | - | - | 227,584 | 227,584 |
| Law enforcement | - | - | - | 5,685 | 5,685 |
| Assigned fund balance: | | | | | |
| Vehicle replacement | 790,444 | - | - | - | 790,444 |
| Dumpster and sanitation equipment | 239,870 | - | - | - | 239,870 |
| Law enforcement | 1,673 | - | - | - | 1,673 |
| Housing development | 250,000 | - | - | - | 250,000 |
| Unassigned fund balance | 3,004,725 | - | - | - | 3,004,725 |
| Total fund balances | 4,776,095 | 4,433,668 | - | 765,014 | 9,974,777 |
| Total liabilities, deferred inflows and fund balances | \$ 5,461,993 | \$ 4,521,287 | \$ 4,214,797 | \$ 1,117,689 | \$ 15,315,766 |

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

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2022

| | | |
|---|-----------|------------------|
| Total fund balances - Governmental Funds | \$ | 9,974,777 |
| <p>The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position, but not in the Governmental Funds Balance Sheet. The net effect of this consolidation is to increase net position.</p> | | |
| | | 126,202 |
| <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 \$51,032,872 and the accumulated depreciation was \$39,923,085. 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 \$10,331,912. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p> | | |
| | | 777,875 |
| <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, 2022, the amount of capital outlays and debt principal payments were \$795,520 and \$1,160,055, respectively. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.</p> | | |
| | | 1,955,575 |
| <p>Included in the items related to debt is the recognition of the City's net pension liability as required by GASB 68, as amended. For the year ended September 30, 2022 the net pension liability was \$5,425,458, the deferred inflow related to pensions was \$2,643,832 and the deferred outflow related to pensions was \$1,177,780. The net effect of recognition of the net pension liability is to decrease net position.</p> | | |
| | | (6,891,510) |
| <p>Included in the items related to debt is the recognition of the City's total OPEB liability as required by GASB 75. For the year ended September 30, 2022 the total OPEB liability was \$630,169, the deferred inflow related to OPEB was \$58,398 and the deferred outflow related to OPEB was \$109,652. The net effect of recognition of the net OPEB liability is to decrease net position.</p> | | |
| | | (578,915) |
| <p>The 2022 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p> | | |
| | | (1,313,655) |
| <p>During the current year, the City issued the Series 2022 Refunding bonds in the amount of \$1,940,000. Premiums on the issued net of underwriter's discount were \$230,602, and issuance costs associated with the bonds were \$55,576. A payment of \$2,115,026 was made to the fiscal agent to refund \$2,100,000 of General Obligation Bonds, Series 2012, which had \$48,615 in unamortized premiums remaining when refunded. The net result of this bond issuance is to decrease net position in the amount of \$33,589.</p> | | |
| | | (33,589) |
| <p>The City entered into new right-to-use lease agreements during the year. The details of these agreements are provided in the notes to the financial statements. This resulted in recording right-to-use assets in the amount of \$207,560 and right-to-use liabilities of \$207,560. During the year the City paid principal payments on the right-to-use liabilities in the amount of \$166,398 and recorded amortization on the right-to-use assets in the amount of \$136,765. The net effect of recording the impact of the right-to-use lease agreements is an increase to net position of \$29,633.</p> | | |
| | | 29,633 |
| <p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable and unearned revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net position.</p> | | |
| | | 65,536 |
| Net position of Governmental Activities | \$ | 4,111,929 |

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, 2022

| | <u>General</u> | <u>Capital Projects</u> | <u>Coronavirus Relief Fund</u> | <u>Other Governmental Funds</u> | <u>Total Governmental Funds</u> |
|--|---------------------|-----------------------------|------------------------------------|---|---|
| Revenues: | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 3,311,352 | \$ - | \$ - | \$ 1,407,234 | \$ 4,718,586 |
| Sales taxes | 4,101,564 | - | - | - | 4,101,564 |
| Other taxes | 1,481,454 | - | - | 388,054 | 1,869,508 |
| Penalties and interest on taxes | 96,816 | - | - | 15,073 | 111,889 |
| Licenses and permits | 113,429 | - | - | - | 113,429 |
| Intergovernmental | 255,563 | - | 27,593 | 45,466 | 328,622 |
| Charges for services | 4,288,542 | - | - | 30,692 | 4,319,234 |
| Fines | 303,931 | - | - | 3,889 | 307,820 |
| Investment earnings | 32,577 | 20,589 | - | 8,014 | 61,180 |
| Contributions and donations | 70,309 | - | - | 58,013 | 128,322 |
| Other revenue | 116,979 | - | - | 264 | 117,243 |
| Total revenues | <u>14,172,516</u> | <u>20,589</u> | <u>27,593</u> | <u>1,956,699</u> | <u>16,177,397</u> |
| Expenditures: | | | | | |
| Current: | | | | | |
| General government | 2,284,468 | - | - | - | 2,284,468 |
| Public safety | 7,937,465 | - | 27,593 | 25,171 | 7,990,229 |
| Streets and traffic | 1,518,644 | - | - | - | 1,518,644 |
| Solid waste management | 1,457,036 | - | - | - | 1,457,036 |
| Culture and recreation | 709,219 | - | - | 770,065 | 1,479,284 |
| Capital outlay | 486,955 | 236,681 | - | 71,884 | 795,520 |
| Lease principal payments | 164,046 | - | - | 2,352 | 166,398 |
| Lease interest | 14,277 | - | - | 520 | 14,797 |
| Lease right-to-use assets | 207,560 | - | - | - | 207,560 |
| Debt service: | | | | | |
| Principal retirement | 160,055 | - | - | 1,000,000 | 1,160,055 |
| Interest and fiscal charges | 7,698 | - | - | 222,286 | 229,984 |
| Bond issuance costs | - | - | - | 55,576 | 55,576 |
| Total expenditures | <u>14,947,423</u> | <u>236,681</u> | <u>27,593</u> | <u>2,147,854</u> | <u>17,359,551</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(774,907)</u> | <u>(216,092)</u> | <u>-</u> | <u>(191,155)</u> | <u>(1,182,154)</u> |
| Other financing sources (uses): | | | | | |
| Issuance of bonds | - | - | - | 1,940,000 | 1,940,000 |
| Premium on issuance of bonds | - | - | - | 230,602 | 230,602 |
| Lease financing | 207,560 | - | - | - | 207,560 |
| Payments to refunded bond escrow agent | - | - | - | (2,115,026) | (2,115,026) |
| Transfers in | 502,710 | 4,000,000 | - | 205,600 | 4,708,310 |
| Transfers out | (199,600) | - | - | (6,000) | (205,600) |
| Total other financing sources (uses) | <u>510,670</u> | <u>4,000,000</u> | <u>-</u> | <u>255,176</u> | <u>4,765,846</u> |
| Net change in fund balances | (264,237) | 3,783,908 | - | 64,021 | 3,583,692 |
| Fund balances at beginning of year | <u>5,040,332</u> | <u>649,760</u> | <u>-</u> | <u>700,993</u> | <u>6,391,085</u> |
| Fund balances at end of year | <u>\$ 4,776,095</u> | <u>\$ 4,433,668</u> | <u>\$ -</u> | <u>\$ 765,014</u> | <u>\$ 9,974,777</u> |

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

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | | |
|--|-----------|-------------------------|
| Total net changes in fund balances - Governmental Funds | \$ | 3,583,692 |
| <p>The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The net income of the internal service fund is reported with governmental activities in the Statement of Activities. The net effect of this consolidation is to increase net position.</p> | | |
| | | 30,142 |
| <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, 2022, the amount of capital outlays and debt principal payments were \$795,520 and \$1,160,055, respectively. The net effect of including the 2022 capital outlays and debt principal payments is to increase net position.</p> | | |
| | | 1,955,575 |
| <p>The 2022 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p> | | |
| | | (1,313,655) |
| <p>GASB 68, as amended, requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2021 caused the change in the ending net position to increase in the amount of \$1,169,485. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$1,109,439. The net pension expense increased the change in net position by \$1,468,720. The cumulative result of these changes is to increase the change in net position by \$1,528,766.</p> | | |
| | | 1,528,766 |
| <p>GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2021 caused the change in the ending net position to increase in the amount of \$19,438. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$20,876. Recognition of the City's TMRS OPEB expense decreased the change in net position by \$30,657. The result of these change is to decrease the change in net position by \$32,095.</p> | | |
| | | (32,095) |
| <p>The City entered into new right-to-use lease agreements during the year. The details of these agreements are provided in the notes to the financial statements. This resulted in recording right-to-use assets in the amount of \$207,560 and right-to-use liabilities of \$207,560. During the year the City paid principal payments on the right-to-use liabilities in the amount of \$166,398 and recorded amortization on the right-to-use assets in the amount of \$136,765. The net effect of recording the impact of the right-to-use lease agreements is an increase to net position of \$29,633.</p> | | |
| | | 29,633 |
| <p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to decrease net position.</p> | | |
| | | <u>(116,507)</u> |
| Change in net position of Governmental Activities | \$ | <u>5,665,551</u> |

The accompan in notes are an inte ral 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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 3,407,682 | \$ 3,311,353 | \$ 3,311,352 | \$ (1) |
| Sales taxes | 3,635,000 | 4,095,424 | 4,101,564 | 6,140 |
| Other taxes | 1,225,904 | 1,275,904 | 1,481,454 | 205,550 |
| Penalties and interest on taxes | 70,000 | 96,816 | 96,816 | - |
| Licenses and permits | 131,000 | 115,111 | 113,429 | (1,682) |
| Intergovernmental | 280,875 | 257,000 | 255,563 | (1,437) |
| Charges for services | 4,246,540 | 4,238,920 | 4,288,542 | 49,622 |
| Fines | 362,000 | 292,123 | 303,931 | 11,808 |
| Investment earnings | 17,000 | 17,000 | 32,577 | 15,577 |
| Contributions and donations | 32,000 | 61,260 | 70,309 | 9,049 |
| Other revenue | 60,000 | 121,437 | 116,979 | (4,458) |
| | <u>13,468,001</u> | <u>13,882,348</u> | <u>14,172,516</u> | <u>290,168</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| General government | 2,239,292 | 2,354,671 | 2,284,468 | 70,203 |
| Public safety | 7,903,962 | 8,227,424 | 7,937,465 | 289,959 |
| Streets and traffic | 1,553,083 | 1,570,227 | 1,518,644 | 51,583 |
| Solid waste management | 1,364,994 | 1,460,738 | 1,457,036 | 3,702 |
| Culture and recreation | 771,447 | 767,294 | 709,219 | 58,075 |
| Capital outlay | 636,398 | 606,756 | 486,955 | 119,801 |
| Lease principl payments | - | - | 164,046 | (164,046) |
| Lease interest | - | - | 14,277 | (14,277) |
| Lease right-to-use assets | - | - | 207,560 | (207,560) |
| Debt service: | | | | |
| Principal retirement | 164,138 | 160,055 | 160,055 | - |
| Interest and fiscal charges | 3,117 | 7,699 | 7,698 | 1 |
| | <u>14,636,431</u> | <u>15,154,864</u> | <u>14,947,423</u> | <u>207,441</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,168,430)</u> | <u>(1,272,516)</u> | <u>(774,907)</u> | <u>497,609</u> |
| Other financing sources (uses): | | | | |
| Transfers in | 252,710 | 252,710 | 502,710 | 250,000 |
| Transfers out | (199,600) | (199,600) | (199,600) | - |
| Right-to-use leases | - | 250,000 | 207,560 | (42,440) |
| | <u>53,110</u> | <u>303,110</u> | <u>510,670</u> | <u>207,560</u> |
| Total other financing sources (uses) | | | | |
| Net change in fund balances | (1,115,320) | (969,406) | (264,237) | 705,169 |
| Fund balances at beginning of year | <u>5,040,332</u> | <u>5,040,332</u> | <u>5,040,332</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 3,925,012</u> | <u>\$ 4,070,926</u> | <u>\$ 4,776,095</u> | <u>\$ 705,169</u> |

CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-type Activities - Enterprise Funds | | | | | Governmental Activities |
|--|--|-------------------------------|------------------------|-------------------------------|-------------------------------|--------------------------------|
| | Water and Sewer System | Solid Waste Management | Aquatics Center | Other Enterprise Funds | Total Enterprise Funds | Internal Service Fund |
| Assets: | | | | | | |
| Current assets: | | | | | | |
| Cash and cash equivalents | \$ 7,944,925 | \$ 3,257,956 | \$ - | \$ 273,156 | \$ 11,476,037 | \$ 129,948 |
| Restricted assets - current: | | | | | | |
| Cash and cash equivalents | 1,105,048 | - | - | 74,949 | 1,179,997 | - |
| Receivables | 330,377 | - | - | - | 330,377 | - |
| Accrued interest receivable | - | 1,006 | - | 2,369 | 3,375 | - |
| Receivables - net of uncollectible allowance | 983,075 | 153,627 | - | 682 | 1,137,384 | - |
| Note receivable | - | - | - | 194,838 | 194,838 | - |
| Lease receivable | - | - | - | 22,942 | 22,942 | - |
| Prepaid expense | 4,211 | 262 | - | 4,017 | 8,490 | - |
| Inventories | 439,058 | - | 4,498 | 50,684 | 494,240 | - |
| Total current assets | 10,806,694 | 3,412,851 | 4,498 | 623,637 | 14,847,680 | 129,948 |
| Non-current assets: | | | | | | |
| Lease receivable | - | - | - | 23,481 | 23,481 | - |
| Capital assets: | | | | | | |
| Land | 86,934 | 53,125 | 90,568 | 545,514 | 776,141 | - |
| Water rights | 7,588,780 | - | - | - | 7,588,780 | - |
| Buildings and improvements | 34,421,853 | 7,617,773 | 4,616,490 | 2,388,928 | 49,045,044 | - |
| Vehicles and equipment | 4,263,470 | 5,690,698 | 25,801 | 806,123 | 10,786,092 | - |
| Right-to-use lease assets | 22,754 | 12,994 | - | - | 35,748 | - |
| Surface water supply contracts | 5,419,278 | - | - | - | 5,419,278 | - |
| Roads | - | 215,295 | - | - | 215,295 | - |
| Construction in progress | 2,403,819 | - | - | - | 2,403,819 | - |
| Less: accumulated depreciation and amortization | (34,262,786) | (11,561,330) | (1,756,984) | (2,532,586) | (50,113,686) | - |
| Unamortized landfill permit costs | - | 528,451 | - | - | 528,451 | - |
| Total non-current assets | 19,944,102 | 2,557,006 | 2,975,875 | 1,231,460 | 26,708,443 | - |
| Total assets | 30,750,796 | 5,969,857 | 2,980,373 | 1,855,097 | 41,556,123 | 129,948 |
| Deferred outflows: | | | | | | |
| Deferred charge on refunding | 78,086 | 44,647 | - | - | 122,733 | - |
| Deferred outflow related to TMRS | 168,480 | 59,103 | - | 22,728 | 250,311 | - |
| Total deferred outflows of resources | 246,566 | 103,750 | - | 22,728 | 373,044 | - |
| Liabilities: | | | | | | |
| Current liabilities: | | | | | | |
| Accounts payable | 382,250 | 18,546 | 7,723 | 6,491 | 415,010 | - |
| Accrued expenses | 19,574 | 8,007 | - | 4,894 | 32,475 | - |
| Claims and judgments payable | - | - | - | - | - | 3,746 |
| Due to other funds | - | - | 150,785 | 350,425 | 501,210 | - |
| Accrued interest payable | 40,038 | 12,590 | - | 6,273 | 58,901 | - |
| Unearned revenue | - | - | - | 17,882 | 17,882 | - |
| Customer deposits | 501,466 | - | - | - | 501,466 | - |
| Bonds payable - current: | | | | | | |
| Revenue bonds and certificates of obligation | 415,000 | 295,000 | - | 10,000 | 720,000 | - |
| CRMWA obligations | 541,566 | - | - | - | 541,566 | - |
| Leases payable - current | 6,746 | 3,231 | - | 16,475 | 26,452 | - |
| Compensated absences | 48,435 | 15,903 | - | 2,433 | 66,771 | - |
| Total current liabilities | 1,955,075 | 353,277 | 158,508 | 414,873 | 2,881,733 | 3,746 |
| Non-current liabilities: | | | | | | |
| Revenue bonds and certificates of obligation (net) | 3,338,552 | 1,470,000 | - | 120,000 | 4,928,552 | - |
| CRMWA obligations (net) | 2,544,001 | - | - | - | 2,544,001 | - |
| Net pension liability | 749,422 | 239,425 | - | 75,343 | 1,064,190 | - |
| Total OPEB liability | 82,743 | 29,405 | - | 11,450 | 123,598 | - |
| Leases payable | 9,727 | 4,508 | - | 61,361 | 75,596 | - |
| Compensated absences | 16,145 | 5,301 | - | 7,300 | 28,746 | - |
| Landfill closure liability | - | 2,382,538 | - | - | 2,382,538 | - |
| Total non-current liabilities | 6,740,590 | 4,131,177 | - | 275,454 | 11,147,221 | - |
| Total liabilities | 8,695,665 | 4,484,454 | 158,508 | 690,327 | 14,028,954 | 3,746 |
| Deferred inflows of resources: | | | | | | |
| Deferred inflow - leases | - | - | - | 47,217 | 47,217 | - |
| Deferred inflow related to TMRS | 347,684 | 125,824 | - | 54,800 | 528,308 | - |
| Total deferred inflows of resources | 347,684 | 125,824 | - | 102,017 | 575,525 | - |
| Net position: | | | | | | |
| Net investment in capital assets | 13,862,539 | 2,163,806 | 2,975,875 | 1,075,251 | 20,077,471 | - |
| Restricted for debt service | 290,339 | - | - | - | 290,339 | - |
| Restricted for capital acquisition | 602,745 | - | - | 74,949 | 677,694 | - |
| Unrestricted | 7,198,390 | (700,477) | (154,010) | (64,719) | 6,279,184 | 126,202 |
| Total net position | \$ 21,954,013 | \$ 1,463,329 | \$ 2,821,865 | \$ 1,085,481 | \$ 27,324,688 | \$ 126,202 |

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

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

| | Business-type Activities - Enterprise Funds | | | | Total Enterprise Funds | Governmental Activities Internal Service Fund |
|--|--|-------------------------------|------------------------|-------------------------------|-------------------------------|--|
| | Water and Sewer System | Solid Waste Management | Aquatics Center | Other Enterprise Funds | | |
| Operating revenues: | | | | | | |
| Charges for services | \$ 8,276,970 | \$ 1,964,350 | \$ 214,725 | \$ 330,042 | \$ 10,786,087 | \$ 116,241 |
| Rents and lease revenues | 200 | - | 15,435 | 49,581 | 65,216 | - |
| Other revenues | 296,941 | 53,107 | 2,325 | 87,216 | 439,589 | - |
| Total operating revenues | 8,574,111 | 2,017,457 | 232,485 | 466,839 | 11,290,892 | 116,241 |
| Operating expenses: | | | | | | |
| Personnel services | 1,140,580 | 463,041 | 133,631 | 275,098 | 2,012,350 | - |
| Contractual services | 2,429,833 | 425,718 | 55,574 | 48,963 | 2,960,088 | 8,270 |
| Supplies and materials | 511,508 | 330,915 | 97,776 | 183,552 | 1,123,751 | - |
| Depreciation and amortization | 1,294,530 | 744,854 | 156,211 | 169,143 | 2,364,738 | - |
| Intercity administrative charges | 1,029,485 | 248,846 | 25,169 | 41,952 | 1,345,452 | - |
| Insurance and claims | 50,270 | 69,242 | 36,145 | 23,584 | 179,241 | 78,124 |
| Total operating expenses | 6,456,206 | 2,282,616 | 504,506 | 742,292 | 9,985,620 | 86,394 |
| Operating income (loss) | 2,117,905 | (265,159) | (272,021) | (275,453) | 1,305,272 | 29,847 |
| Non-operating revenues (expenses): | | | | | | |
| Investment earnings | 59,226 | 11,124 | - | 13,151 | 83,501 | 295 |
| Gain (loss) on sale of assets | 1,848 | - | - | (54,416) | (52,568) | - |
| Interest income on leases | - | - | - | 2,369 | 2,369 | - |
| Interest and fiscal charges | (98,769) | (57,304) | - | (9,660) | (165,733) | - |
| Total non-operating revenues (expenses) | (37,695) | (46,180) | - | (48,556) | (132,431) | 295 |
| Income (loss) before transfers | 2,080,210 | (311,339) | (272,021) | (324,009) | 1,172,841 | 30,142 |
| Transfers in | - | - | 101,765 | 250,000 | 351,765 | - |
| Transfers out | (4,404,475) | - | - | (450,000) | (4,854,475) | - |
| Change in net position | (2,324,265) | (311,339) | (170,256) | (524,009) | (3,329,869) | 30,142 |
| Total net position - beginning of year | 24,278,278 | 1,774,668 | 2,992,121 | 1,609,490 | 30,654,557 | 96,060 |
| Total net position - end of year | \$ 21,954,013 | \$ 1,463,329 | \$ 2,821,865 | \$ 1,085,481 | \$ 27,324,688 | \$ 126,202 |

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

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CITY OF PAMPA
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Business-type Activities - Enterprise Funds | | | | | Governmental |
|---|--|-------------------------------|------------------------|-------------------------------|-------------------------------|---|
| | Water and Sewer System | Solid Waste Management | Aquatics Center | Other Enterprise Funds | Total Enterprise Total | Activities Internal Service Fund |
| Cash flows from operating activities: | | | | | | |
| Receipts from customers and users | \$ 8,574,780 | \$ 1,978,433 | \$ 232,485 | \$ 507,194 | \$ 11,292,892 | \$ - |
| Receipts from inter-fund services provided | 106,727 | - | - | - | 106,727 | 116,241 |
| Payments to employees | (1,345,090) | (528,552) | (133,631) | (317,435) | (2,324,708) | - |
| Payments to insurance claims | - | - | - | - | - | (80,687) |
| Payments to suppliers | (3,013,492) | (532,888) | (194,945) | (260,254) | (4,001,579) | (8,270) |
| Payments for inter-fund services used | (1,029,485) | (248,846) | (5,674) | 60,767 | (1,223,238) | - |
| Net cash flows from operating activities | <u>3,293,440</u> | <u>668,147</u> | <u>(101,765)</u> | <u>(9,728)</u> | <u>3,850,094</u> | <u>27,284</u> |
| Cash flows from non-capital financing activities: | | | | | | |
| Transfers from other funds | - | - | 101,765 | 250,000 | 351,765 | - |
| Transfers to other funds | (4,404,475) | - | - | (450,000) | (4,854,475) | - |
| Net cash flows from non-capital financing activities | <u>(4,404,475)</u> | <u>-</u> | <u>101,765</u> | <u>(200,000)</u> | <u>(4,502,710)</u> | <u>-</u> |
| Cash flows from capital and related financing activities: | | | | | | |
| Acquisition and construction of capital assets and leases | (1,425,018) | (82,464) | - | (30,521) | (1,538,003) | - |
| Proceeds from sale of capital assets | 1,848 | - | - | 250,000 | 251,848 | - |
| Issuance of 2021 CRMWA refunding obligations | 837,628 | - | - | - | 837,628 | - |
| Transfer to fiscal agent for 2021 CRMWA refunding | (837,628) | - | - | - | (837,628) | - |
| Principal received on notes receivable | - | - | - | 189,809 | 189,809 | - |
| Principal received on leases receivable | - | - | - | 24,949 | 24,949 | - |
| Principal paid on capital debt | (937,653) | (290,000) | - | (138,204) | (1,365,857) | - |
| Proceeds from right-to-use lease | 36,436 | 12,994 | - | (71,372) | (21,942) | - |
| Principal paid on right-to-use lease liability | (19,962) | (5,255) | - | - | (25,217) | - |
| Interest paid on capital debt | (186,679) | (44,441) | - | (12,378) | (243,498) | - |
| Net cash flows from capital and related financing activities | <u>(2,531,028)</u> | <u>(409,166)</u> | <u>-</u> | <u>212,283</u> | <u>(2,727,911)</u> | <u>-</u> |
| Cash flows from investing activities: | | | | | | |
| Interest and dividends received | 60,840 | 10,738 | - | 13,167 | 84,745 | 295 |
| Net cash flows from investing activities | <u>60,840</u> | <u>10,738</u> | <u>-</u> | <u>13,167</u> | <u>84,745</u> | <u>295</u> |
| Net increase (decrease) in cash and cash equivalents | (3,581,223) | 269,719 | - | 15,722 | (3,295,782) | 27,579 |
| Cash and cash equivalents at beginning of year | <u>12,631,196</u> | <u>2,988,237</u> | <u>-</u> | <u>332,383</u> | <u>15,951,816</u> | <u>102,369</u> |
| Cash and cash equivalents at end of year | <u>\$ 9,049,973</u> | <u>\$ 3,257,956</u> | <u>\$ -</u> | <u>\$ 348,105</u> | <u>\$ 12,656,034</u> | <u>\$ 129,948</u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | | | | |
| Operating income (loss) | \$ 2,117,905 | \$ (265,159) | \$ (272,021) | \$ (275,453) | \$ 1,305,272 | \$ 29,847 |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | | | | |
| Depreciation and amortization | 1,294,530 | 744,854 | 156,211 | 169,143 | 2,364,738 | - |
| Changes in assets & liabilities: | | | | | | |
| (Increase) decrease in: | | | | | | |
| Receivables | (74,426) | (39,024) | - | 2,567 | (110,883) | - |
| Prepaid expense | (45) | (15) | - | (3,770) | (3,830) | - |
| Due from other funds | 106,727 | - | - | - | 106,727 | - |
| Inventories | 19,743 | - | (3,883) | 826 | 16,686 | - |
| Deferred outflows related to TMRS | 1,499 | 571 | - | 283 | 2,353 | - |
| Increase (decrease) in: | | | | | | |
| Accounts payable | 11,127 | (3,542) | (1,567) | (1,211) | 4,807 | (2,563) |
| Accrued expenses | (26,409) | (9,773) | - | (8,226) | (44,408) | - |
| Due to other funds | - | - | 19,495 | 102,719 | 122,214 | - |
| Unearned revenue | (19,376) | - | - | (9,429) | (28,805) | - |
| Net pension liability | (343,364) | (130,783) | - | (64,709) | (538,856) | - |
| Total OPEB liability | 1,116 | 425 | - | 210 | 1,751 | - |
| Deferred inflows related to leases | - | - | - | 47,217 | 47,217 | - |
| Deferred inflows related to TMRS | 155,221 | 59,122 | - | 29,252 | 243,595 | - |
| Customer deposits | 41,765 | - | - | - | 41,765 | - |
| Compensated absences | 7,427 | 14,927 | - | 853 | 23,207 | - |
| Landfill closure liability | - | 296,544 | - | - | 296,544 | - |
| Total adjustments | <u>1,175,535</u> | <u>933,306</u> | <u>170,256</u> | <u>265,725</u> | <u>2,544,822</u> | <u>(2,563)</u> |
| Net cash provided by operating activities | <u>\$ 3,293,440</u> | <u>\$ 668,147</u> | <u>\$ (101,765)</u> | <u>\$ (9,728)</u> | <u>\$ 3,850,094</u> | <u>\$ 27,284</u> |
| Reconciliation of total cash and cash equivalents: | | | | | | |
| Cash and cash equivalents on statement of net position | \$ 7,944,925 | \$ 3,257,956 | \$ - | \$ 273,156 | \$ 11,476,037 | \$ 129,948 |
| Restricted cash and cash equivalents on statement of net position | <u>1,105,048</u> | <u>-</u> | <u>-</u> | <u>74,949</u> | <u>1,179,997</u> | <u>-</u> |
| Total cash and cash equivalents | <u>\$ 9,049,973</u> | <u>\$ 3,257,956</u> | <u>\$ -</u> | <u>\$ 348,105</u> | <u>\$ 12,656,034</u> | <u>\$ 129,948</u> |

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

**CITY OF PAMPA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2022**

| | <u>Custodial Fund Municipal Court Bail Bond</u> |
|-------------------------------|--|
| Assets: | |
| Cash and cash equivalents | \$ <u>1,820</u> |
| Total assets | <u>1,820</u> |
| Net position: | |
| Restricted for other purposes | <u>1,820</u> |
| Total net position | \$ <u><u>1,820</u></u> |

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

**CITY OF PAMPA, TEXAS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>Custodial Fund Municipal Court Bail Bond</u> |
|---|--|
| Additions: | |
| Contributions - bail bond fees | \$ <u>2,047</u> |
| Total additions | <u>2,047</u> |
| Deductions: | |
| Refunds of contributions - bail bond fees | <u>1,452</u> |
| Total deductions | <u>1,452</u> |
| Change in fiduciary net position | 595 |
| Total net position - beginning of year | <u>1,225</u> |
| Total net position - end of year | \$ <u><u>1,820</u></u> |

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The City of Pampa, Texas (the City) operates under a Commission-Manager form of government and provides the following services, as authorized by its charter adopted in 1927: police and fire protection, streets and traffic control, planning, code enforcement, and general administrative services. In addition, the City maintains the water and sewer system and a solid waste management operation, the activities of which are accounted for as enterprise funds. The City also operates a municipal golf course, leases various properties, and operates an aquatics park all of which are also accounted for in enterprise funds. The financial statements of the City have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applicable to governmental entities. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The more significant of the City's accounting policies are described below.

A. Reporting Entity

The Financial Reporting Entity

The City is a municipality governed by an elected five-member commission made up of the Mayor and four other commissioners. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB Statement No. 61 – *The Financial Reporting Entity: Omnibus* (GASB 61). Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

A. Reporting Entity (continued)

Individual Component Unit Disclosures

Discretely presented component units:

The component unit column in the government-wide financial statements includes the financial data of the Pampa Economic Development Corporation (the "PEDC") which was established by voters of the City in November 2005. This PEDC was established for the promotion of business and economic development in and around the City, and is being funded by a ½ cent sales tax also approved by the voters of the City. In December 2005, the City appointed a separate seven member board of directors that have the responsibility of managing the activities of the PEDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the PEDC in February 2006. The PEDC also began its operations during the year ended September 30, 2006, and began receiving the ½ cent sales tax which is being used to fund operations of the PEDC. The City is responsible for approving the operating budget of the PEDC as adopted by the seven-member board of directors. The PEDC has elected to prepare separate financial statements for the year ended September 30, 2022, which include a complete set of financial statements and footnote disclosures. A copy of the annual financial statements may be obtained by contacting the PEDC at P.O. Box 2398, Pampa, Texas, 79065. During the year ended September 30, 2022, the City remitted \$1,367,188 to the PEDC for its portion of the sales taxes received from the State Comptroller.

Related Organizations

The City Commission is also responsible for appointing one of the five board members of the Gray County Appraisal District ("GCAD") and has the ability to suggest changes to the District's budget. The District assesses property valuations for all the taxing entities in Gray County. The City remits a fee to the GCAD for its services. The City has no authority over the District or accountability beyond that mentioned above. During the year ended September 30, 2022, the City remitted \$104,541 to the GCAD for their contributions toward the GCAD annual expenses.

Jointly Governed Organizations

The Canadian River Municipal Water Authority ("CRMWA") is a water district that was created in 1953 by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding municipalities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, and the aqueduct system which supplies eleven cities. The affairs of CRMWA are governed by a board of nineteen individual members. The City, as one of the eleven cities, appoints two members. Prior to construction, each city contracted to purchase surface water and was allotted a portion of the water rights together with a proportional amount of the construction costs. On May 15, 1996, the City, along with other members, entered into a contract for the purchase and construction of a conjunctive use ground water supply, as more fully described in notes 8 and 12. The City does not appoint a significant portion of the governing board, designate management, nor have the ability to significantly influence operations. A copy of the annual financial statements may be obtained by contacting CRMWA at P.O. Box 9, Sanford, Texas, 79078. During the year ended September 30, 2022, the City remitted \$1,414,316 to CRMWA for their portion of the CRMWA outstanding debt, and for operational and pumping costs.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary 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, 2022

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

The City reports the following internal service fund:

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

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

Additionally, the City reports the following fund types:

Non-major governmental funds:

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

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

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

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

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

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

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

Non-major proprietary funds:

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

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

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

As a general rule, the effect of inter-fund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments-in-lieu of taxes and other charges between the City's water and sewer function and various other functions of the City. Elimination of the charges would distort the direct costs and program revenues reported for the various functions concerned.

Amounts reported as *program revenues* include 1) charges to customers or applicants for goods, services, or privileges provided, 2) operating grants and contributions, and 3) capital grants and contributions, including special assessments. Internally dedicated resources are reported as *general revenues* rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish *operating* revenues and expenses from *non-operating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the City's enterprise funds and of the City's internal service fund are charges to customers for sales and services. Operating expenses for enterprise funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

The preparation of the financial statements in conformity with GAAP requires management to make estimates and assumptions that affect certain reported amounts and disclosures; accordingly, actual results could differ from those estimates.

D. Budgets

As provided by state law, the City follows these procedures in establishing the annual budgetary data reflected in the financial statements:

At least 30 days prior to the time when the City Commission makes its tax levy for the upcoming fiscal year beginning October 1, the City Manager, as budget officer, files a proposed operating budget, including proposed expenditures and the means of financing them. Such budget is available for the inspection of any taxpayer and public hearings are conducted no less than 15 days subsequent to the time of filing. The City Commission has authority to make such changes in the budget as it deems warranted. Prior to October 1, the budget is legally enacted through passage of an ordinance.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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 ensure that appropriations are not exceeded. Encumbrance accounting has not been employed in the financial records of the City.

F. Cash and Investments

As permitted by State statute and City ordinance, required reserves and funds held pending expenditures are invested in obligations of the U.S. Treasury as well as in savings accounts, insured money market accounts, certificates of deposit and/or NOW Accounts in the official City depository.

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

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

Investments are stated at cost which approximates fair value.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

G. Receivables

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

H. Short-Term Inter-fund Receivables/Payables

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

I. Inventories and Prepaid Items

Inventories of materials and supplies are maintained in the General Fund and are managed by the central stores department of the General Fund. The Water and Sewer System maintains an inventory of pipeline and related stores, the Aquatics Center maintains an inventory of materials and supplies, and the Golf Course maintains an inventory of merchandise and equipment. These inventories are valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when requisitioned by the various funds and departments of the City (the consumption method).

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as prepaid items in both government-wide and fund financial statements. Similar to inventory, prepaid items are recorded as expenditures when requisitioned by the various funds and departments of the City (the consumption method).

J. Restricted Assets

Certain proceeds of the City's bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from consumers which are to be applied to customer accounts that become uncollectible or otherwise refunded upon termination of utility service are also classified as restricted assets. The City may also receive grants or other donations that are subject to restrictions by outside parties, which may also be classified as restricted assets.

K. Capital Assets

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

K. Capital Assets (continued)

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Additionally, the City’s policy is to expense the cost of maintaining and modifying the landfill permits, as incurred. The original cost of the permits are amortized over the life of the landfill sites.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

Property, plant, and equipment of the primary government, as well as the component unit, are depreciated using the straight-line method over the following estimated useful lives:

| <u>Assets</u> | <u>Years</u> |
|-------------------------------|--------------|
| Buildings | 10-50 |
| Building improvements | 10-50 |
| Public domain infrastructure | 20 |
| System infrastructure | 30-80 |
| Vehicles and small equipment | 5-30 |
| Furniture and fixtures | 7 |
| Right-to-use lease assets | 4-5 |
| 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.

GASB Statement 87, *Leases* created new financial statement accounts right-to-use assets and similar offsetting liabilities. A right-to-use asset accounts for the net present value of future payments attached to a leased asset. Common examples of right-to-use assets are vehicles and copiers that the City does not take ownership of but uses for a period of longer than 12 months under the terms of the lease agreement. The asset value is amortized over the life of the lease using a straight-line method. The liability offsetting the right-to-use assets is presented as leases payable.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

L. Compensated Absences

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

M. Long-Term Obligations

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

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

N. Rounding

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

O. Net Position and Fund Balance

The City's fund balances for its governmental funds are presented in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which classifies fund balance based on the level of constraints placed on the usage of fund resources. Under GASB 54, fund balances for governmental funds are reported in the following categories:

- Nonspendable – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- Restricted – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

O. Net Position and Fund Balance (continued)

- Committed – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City’s highest level of decision making authority, the City Commission, in the form of a resolution. Commitments may be changed or lifted only by taking the same formal action that imposed the constraints originally.
- Assigned – The assigned fund balance classification includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The City Commission has delegated the authority to assign fund balance to the finance committee which is comprised of the City Manager and the City’s Finance Director. Fund balance is assigned through the unanimous vote of the members of the City’s finance committee.
- Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports a positive unassigned fund balance amount.

When the City incurs expenditures that can be made from either restricted or unrestricted balances the expenditures are charged first to restricted balances, and then to unrestricted balances as they are needed. When the City incurs expenditures that can be made from either committed, assigned, or unassigned balances the expenditures are charged to committed resources first, then to assigned resources and then to unassigned resources as they are needed.

The City has established a goal to achieve and maintain a minimum unassigned fund balance in the general fund to ensure that there will be adequate liquid resources in the event of unanticipated circumstances and events. The minimum unassigned fund balance target is set at 20% of budgeted revenues for the most recent fiscal year, which would provide for roughly 75 days of estimated expenditures.

P. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period and so will not be recognized as an outflow of resources (expense/expenditure) until that time. The City has the following items that qualify for reporting in that category:

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

P. Deferred Outflows/Inflows of Resources (continued)

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting on the government-wide statement of net position.

- Deferred inflow related to pensions, which result from differences in projected and actual investment earnings in the pension plan, and differences between expected and actual economic experience in the pension plan. This amount is amortized over a five year period.
- Deferred inflow related to OPEB plans, which result from differences in projected and actual investment earnings in the pension plan, and differences between expected and actual economic experience in the pension plan. This amount is amortized over a five year period.
- Deferred inflow related to leases, which results from City entering into a lease transaction as a lessor. The amount is amortized using the straight-line basis over the life of the total expected lease term.

Amounts reported as deferred outflows/inflows on the City’s financial statements as of September 30, 2022 are as follows:

| | <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total Primary Government</u> |
|---|------------------------------------|-------------------------------------|-------------------------------------|
| Deferred outflows of resources: | | | |
| Deferred charge on refunding | \$ 17,317 | \$ 122,733 | \$ 140,050 |
| Deferred outflow related to TMRS - pensions | 1,177,780 | 231,005 | 1,408,785 |
| Deferred outflow related to TMRS - OPEB | 109,652 | 19,306 | 128,958 |
| Total deferred outflows of resources | <u>\$ 1,304,749</u> | <u>\$ 373,044</u> | <u>\$ 1,677,793</u> |
| Deferred inflows of resources: | | | |
| Deferred inflow related to leases | \$ - | \$ 47,217 | \$ 47,217 |
| Deferred inflow related to TMRS - pensions | 2,643,832 | 518,553 | 3,162,385 |
| Deferred inflow related to TMRS - OPEB | 58,398 | 9,755 | 68,153 |
| Total deferred inflows of resources | <u>\$ 2,702,230</u> | <u>\$ 575,525</u> | <u>\$ 3,277,755</u> |

Additionally, the City has one type of this item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, unavailable revenue – property taxes, is reported on in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Q. Pensions

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

R. Other Post-Employment Benefits

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

NOTE 2. STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY:

Other Individual Fund Disclosures

None of the City's funds had material amounts of excess of expenditures over appropriations (exclusive of depreciation) for the year ended September 30, 2022. There were budget deficits in the lease categories in the General Fund, M.K. Brown Auditorium Fund and the Lovett Memorial Library Fund related to implementation of GASB 87, *Leases*. Additionally, the Series 2022 bond refunding transactions were not budgeted for, resulting in total expenditures in the Debt Service Fund exceeding budget amounts by \$56,654 related to the bond issuance costs. Management is aware of these variances and will continue to monitor budget variances and amend the budget as necessary to avoid budget variances in the future. The City budgeted for the public safety grants special revenue fund in the general fund. This fund does not have a legally adopted budget, and therefore, is intentionally excluded from the budget schedules.

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

Management of the City is also aware of the deficit in unrestricted net position in the solid waste management fund, the aquatics center fund and the golf course fund, and will continue to assess the operations of the City's landfill, aquatics center, and golf course in the future. The result of the current year's operations was a decrease of \$311,339, \$170,256 and \$47,589 in the solid waste management fund, aquatics center fund and golf course fund, respectively.

NOTE 3. DEPOSITS AND INVESTMENTS:

Legal and Contractual Provisions Governing Deposits and Investments

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Legal and Contractual Provisions Governing Deposits and Investments (continued)

(7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or Federal Home Loan Bank Bonds. At September 30, 2022 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

Policies Governing Deposits and Investments

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

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

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

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

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

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

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

- Investment will be diversified by security type and institution, unless the investment is fully collateralized.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments (continued)

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

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

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

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

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

Investments Held

At September 30, 2022 , the carrying amounts of the City’s investments are shown below. The City did not invest in any other types of investments other than certificates of deposit and mortgage backed security bonds during the year ended September 30, 2022.

| | <u>Credit Rating</u> | <u>Carrying Amount</u> | <u>Fair Value</u> |
|---------------------------------|--------------------------|----------------------------|-----------------------|
| Certificates of Deposit: | | | |
| General fund | N/A | \$ 400,000 | \$ 400,000 |
| Mortgage backed security bonds: | | | |
| M.K. Brown permanent fund | N/A | 350,000 | 322,952 |
| Total primary government | | <u>\$ 750,000</u> | <u>\$ 722,952</u> |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 4. RECEIVABLES:

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

| | General | Nonmajor | | |
|--|---------------------|---------------------|---------------------|---------------------|
| | Fund | Governmental | Enterprise | Total |
| | Fund | Funds | Funds | Total |
| Receivables: | | | | |
| Property taxes | \$ 339,685 | \$ 124,288 | \$ - | \$ 463,973 |
| Other taxes | 1,014,193 | 51,846 | - | 1,066,039 |
| Accounts | 390,028 | 2,510 | 1,149,147 | 1,541,685 |
| Accrued interest | 2,683 | 416 | 3,375 | 6,474 |
| Grants from federal, state, and local sources | - | 18,818 | - | 18,818 |
| CRMWA | - | - | 330,377 | 330,377 |
| Total receivables | 1,746,589 | 197,878 | 1,482,899 | 3,427,366 |
| Less allowance for uncollectibles: | | | | |
| Property taxes | 190,702 | 81,378 | - | 272,080 |
| Accounts | 4,381 | - | 11,763 | 16,144 |
| Total allowance for uncollectibles | 195,083 | 81,378 | 11,763 | 288,224 |
| Total net receivables | \$ <u>1,551,506</u> | \$ <u>116,500</u> | \$ <u>1,471,136</u> | \$ <u>3,139,142</u> |

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 and become delinquent after January 31. The taxes accrue interest beginning February 1. Current year property taxes are collected from the levy date October 1 through June 30, at which time the taxes are classified as delinquent and assessed penalties beginning July 1. The delinquent taxes receivable account represents past years uncollected tax levies. The allowance for estimated uncollectible amounts is 58.64% of the total delinquent taxes receivable at September 30, 2022. 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 2021 tax roll for the 2021-2022 fiscal year was \$.730000 per \$100 of assessed valuation, of which \$.511662 was designated to finance general governmental services, \$.188338 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$4,735,483 on an assessed value of \$648,695,406 (after exemptions and adjustments).

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 5. RESTRICTED ASSETS:

The City had the following restricted assets as of September 30, 2022:

| | <u>General</u> <u>Fund</u> | <u>Capital</u> <u>Projects</u> | <u>Non-major</u> <u>Governmental</u> <u>Funds</u> | <u>Water and</u> <u>Sewer System</u> | <u>Non-major</u> <u>Enterprise</u> <u>Funds</u> | <u>Total</u> |
|---|-------------------------------|-----------------------------------|---|---|---|---------------------|
| Restricted cash: | | | | | | |
| Construction & capital acquisition | \$ 19,218 | \$ 1,035,372 | \$ - | \$ 602,745 | \$ 74,949 | \$ 1,732,284 |
| Municipal court security & technology | 145,788 | - | - | - | - | 145,788 |
| Public programming facilities | 151,101 | - | - | - | - | 151,101 |
| Park maintenance | 85,620 | - | - | - | - | 85,620 |
| Fire department | 4,107 | - | - | - | - | 4,107 |
| M.K. Brown Auditorium | - | - | 56,577 | - | - | 56,577 |
| Water & sewer utility deposits | - | - | - | 502,303 | - | 502,303 |
| | <u>405,834</u> | <u>1,035,372</u> | <u>56,577</u> | <u>1,105,048</u> | <u>74,949</u> | <u>2,677,780</u> |
| Total restricted cash | <u>\$ 405,834</u> | <u>\$ 1,035,372</u> | <u>\$ 56,577</u> | <u>\$ 1,105,048</u> | <u>\$ 74,949</u> | <u>\$ 2,677,780</u> |
| Restricted accrued interest receivable: | | | | | | |
| M.K. Brown Auditorium | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 416</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 416</u> |
| Restricted investments: | | | | | | |
| M.K. Brown Auditorium | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 350,000</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 350,000</u> |
| Restricted receivable: | | | | | | |
| CRMWA debt service | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 330,377</u> | <u>\$ -</u> | <u>\$ 330,377</u> |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2022 was as follows:

Primary Government:

| Governmental activities: | Balance | | Sales, Retirements, and | Balance |
|--|----------------------|--------------------|--|-----------------------|
| | Oct. 1, 2021 | Additions | Transfers | Sept. 30, 2022 |
| Capital assets, not being depreciated | | | | |
| Land | \$ 48,829 | \$ - | \$ - | \$ 48,829 |
| Collection | 203,500 | - | - | 203,500 |
| Construction in progress | - | 108,003 | - | 108,003 |
| Total capital assets, not being depreciated | <u>252,329</u> | <u>108,003</u> | <u>-</u> | <u>360,332</u> |
| Capital assets being depreciated/amortized: | | | | |
| Roads | 18,809,864 | 96,497 | - | 18,906,361 |
| Buildings and improvements | 15,089,165 | 111,463 | - | 15,200,628 |
| Vehicles and equipment | 16,881,514 | 479,557 | (423,341) | 16,937,730 |
| Right-to-use lease assets | - | 571,853 | - | 571,853 |
| Total capital assets, being depreciated/amortized | <u>50,780,543</u> | <u>1,259,370</u> | <u>(423,341)</u> | <u>51,616,572</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Roads | 18,809,864 | - | - | 18,809,864 |
| Buildings and improvements | 8,668,931 | 486,862 | - | 9,155,793 |
| Vehicles and equipment | 12,444,290 | 826,793 | (423,341) | 12,847,742 |
| Right-to-use lease assets | - | 136,765 | - | 136,765 |
| Total accumulated depreciation/amortization | <u>39,923,085</u> | <u>1,450,420</u> | <u>(423,341)</u> | <u>40,950,164</u> |
| Total capital assets, being depreciated/amortized, net | <u>10,857,458</u> | <u>(191,050)</u> | <u>-</u> | <u>10,666,408</u> |
| Total Governmental Activities capital assets, net | <u>\$ 11,109,787</u> | <u>\$ (83,047)</u> | <u>\$ -</u> | <u>\$ 11,026,740</u> |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 6. CAPITAL ASSETS (continued):

| Business-type activities: | Balance | | Sales, Retirements, Adjustments & Transfers | Balance |
|--|----------------------|---------------------|--|-----------------------|
| | Oct. 1, 2021 | Additions | | Sept. 30, 2022 |
| Capital assets, not being depreciated | | | | |
| Land | \$ 791,891 | \$ - | \$ (15,750) | \$ 776,141 |
| Construction in progress | <u>1,094,797</u> | <u>1,309,022</u> | <u>-</u> | <u>2,403,819</u> |
| Total capital assets, not being depreciated | <u>1,886,688</u> | <u>1,309,022</u> | <u>(15,750)</u> | <u>3,179,960</u> |
| Capital assets being depreciated/amortized: | | | | |
| Roads | 215,295 | - | - | 215,295 |
| Buildings and improvements | 49,233,583 | 110,081 | (298,620) | 49,045,044 |
| Vehicles and equipment | 10,682,632 | 69,470 | 33,990 | 10,786,092 |
| Right-to-use lease assets | - | 49,430 | - | 49,430 |
| Water rights | 7,588,780 | - | - | 7,588,780 |
| Surface water supply contracts | <u>5,419,278</u> | <u>-</u> | <u>-</u> | <u>5,419,278</u> |
| Total capital assets, being depreciated/amortized | <u>73,139,568</u> | <u>228,981</u> | <u>(264,630)</u> | <u>73,103,919</u> |
| Less accumulated depreciation/amortization for: | | | | |
| Roads | 215,295 | - | - | 215,295 |
| Buildings and improvements | 33,604,362 | 1,437,239 | (9,954) | 35,031,647 |
| Vehicles and equipment | 8,536,727 | 685,914 | 33,990 | 9,256,631 |
| Right-to-use lease assets | - | 18,453 | - | 18,453 |
| Water rights | 2,010,733 | 151,776 | - | 2,162,509 |
| Surface water supply contracts | <u>3,379,076</u> | <u>63,757</u> | <u>-</u> | <u>3,442,833</u> |
| Total accumulated depreciation/amortization | <u>47,746,193</u> | <u>2,357,139</u> | <u>24,036</u> | <u>50,127,368</u> |
| Total capital assets, being depreciated/amortized, net | <u>25,393,375</u> | <u>(2,128,158)</u> | <u>(288,666)</u> | <u>22,976,551</u> |
| Total Business-type Activities capital assets, net | <u>\$ 27,280,063</u> | <u>\$ (819,136)</u> | <u>\$ (304,416)</u> | <u>\$ 26,156,511</u> |

Construction in progress in the governmental activities consist of costs related to an improvement project at the armory and construction of a dog park that were not complete as of September 30, 2022. Construction in progress in the business-type activities consists of costs incurred related to improvements at the water and waste water treatment plants, a water meter project, creek rehab project, a roof construction project, a water generator replacement and a waterline replacement project that were not complete as of September 30, 2022. See further discussion related to the projects at Note 11.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 6. CAPITAL ASSETS (continued):

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

| | |
|--|---------------------|
| Governmental activities: | |
| General government | \$ 138,952 |
| Public safety | 596,327 |
| Streets and traffic | 355,374 |
| Solid waste management | 106,501 |
| Culture and recreation | <u>253,266</u> |
| | |
| Total depreciation and amortization expense - Governmental Activities | <u>\$ 1,450,420</u> |
| | |
| Business-type activities: | |
| Water and sewer | \$ 1,294,530 |
| Solid waste management | 737,255 |
| Aquatics center | 156,211 |
| Municipal golf course | 154,906 |
| Leased properties | <u>14,237</u> |
| | |
| Total depreciation and amortization expense - Business-type Activities | <u>\$ 2,357,139</u> |

NOTE 7. LEASES:

Effective October 1, 2021, the City implemented GASB Statement No. 87, *Leases*. As the lessee, the City determines whether a contract is, or contains a lease at inception. Lease agreements with a maximum lease term of twelve months or less, including options to extend are accounted for as a short-term lease. Lease agreements that transfer ownership of the underlying asset to the City at the end of the contract are recorded as a finance purchase with a related lease liability. Lease agreements not classified as a short-term lease, or a finance purchase are accounted for as an intangible right-to-use lease asset. The right-to-use lease assets are initially measured at an amount equal to the initial measurement of the related lease liability plus any lease payments made prior to the lease term, less lease incentives, and plus ancillary charges necessary to place the lease into service. The right-to-use assets are amortized on a straight-line basis over the life of the related lease. Intangible right-to-use lease assets and lease liabilities are recognized at lease commencement based upon the estimated present value of unpaid lease payments over the lease term. The City uses a discount rate of 5.0% at lease commencement in determining the present value of unpaid lease payments. As the lessor, the City applies the same criteria but recognizes a lease receivable and a deferred inflow of resources equal to the present value of the lease payments.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 7. LEASES (continued):

Leases – Finance Purchases

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

| Year Ending September 30, | Governmental Activities | Municipal Golf Course |
|--|------------------------------------|--------------------------------------|
| 2023 | \$ 44,291 | \$ 18,660 |
| 2024 | 44,291 | 64,408 |
| 2025 | 7,382 | - |
| Total | 95,964 | 83,068 |
| Less: Amount representing interest at 2.6% to 6.43% | 4,580 | 5,232 |
| Present Value of Lease Payments | \$ 91,384 | \$ 77,836 |

The following summarizes the assets acquired under capital leases:

| | Governmental Activities | Municipal Golf Course |
|--------------------------|------------------------------------|--------------------------------------|
| Cost of equipment | \$ 1,544,016 | \$ 670,582 |
| Accumulated depreciation | 678,316 | 626,064 |
| Net leased equipment | \$ 865,700 | \$ 44,518 |

Leases - Right-to-use Leases

The City enters into a variety of lease agreements in its governmental and proprietary funds. The lease transactions are for the lease of copiers and vehicles with lease terms ranging from four to five years, with a discount rate of 5.0%.

For the year ended September 30, 2022, lease principal and interest expenditures under all right-to-use leases for the General Fund and Other Governmental Funds have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances in the amount of \$178,323 and \$2,872, respectively. Lease principal payments under all right-to-use leases for the Water and Sewer System Fund and the Solid Waste Management Fund have been recorded as a reduction to the right-to-use lease liability in the amount of \$19,962 and \$5,255, respectively. Lease interest expense under all right-to-use leases for the Water and Sewer System Fund and the Solid Waste Management Fund of \$1,253 and \$465, respectively are included in interest and fiscal charges in the Statement of Revenues, Expenses and Changes in Net Position.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 7. LEASES (continued):

Leases - Right-to-use Leases (continued)

The future minimum lease payments under right-to-use leases for the City are:

| Fiscal year ending September 30, | Governmental Activities | | | Business-type Activities | | |
|---|--------------------------------|------------------|-------------------|---------------------------------|-----------------|------------------|
| | Principal | Interest | Total | Principal | Interest | Total |
| 2023 | \$ 139,139 | \$ 16,404 | \$ 155,543 | \$ 9,977 | \$ 972 | \$ 10,949 |
| 2024 | 97,265 | 11,062 | 108,327 | 9,385 | 499 | 9,884 |
| 2025 | 80,126 | 6,457 | 86,583 | 4,850 | 71 | 4,921 |
| 2026 | 53,269 | 3,181 | 56,450 | - | - | - |
| 2027 | 34,640 | 951 | 35,591 | - | - | - |
| 2028 | 1,016 | 15 | 1,031 | - | - | - |
| | <u>\$ 405,455</u> | <u>\$ 38,070</u> | <u>\$ 443,525</u> | <u>\$ 24,212</u> | <u>\$ 1,542</u> | <u>\$ 25,754</u> |

Leases - Lessor

The City entered into lease agreements for City owned land in its leased properties fund. The lease terms range from three to five years, with a discount rate of 5.0%.

For the year ended September 30, 2022, lease principal received under the lessor agreements for the Leased Properties fund have been recorded as a reduction in the lease receivable balance in the amount of \$24,949. Amortization of the deferred inflow related to leases was \$24,155 for the year ended September 30, 2022, and is recognized in rents and lease revenues on the statement of revenues, expense and changes in net position for the nonmajor proprietary funds. Total interest received on the leases for the year ended September 30, 2022 was \$2,369.

The future minimum lease payments under leases receivable for the City are:

| Fiscal year ending September 30, | Principal | Interest | Total |
|---|------------------|-----------------|------------------|
| 2023 | \$ 22,942 | \$ 2,376 | \$ 25,318 |
| 2024 | 11,449 | 1,201 | 12,650 |
| 2025 | 12,032 | 617 | 12,649 |
| | <u>\$ 46,423</u> | <u>\$ 4,194</u> | <u>\$ 50,617</u> |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 8. LONG-TERM DEBT:

General Obligation Bonds, Certificates of Obligation, General Obligation Tax Notes, and Revenue Bonds:

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

In August 2012, the City issued \$2,970,000 in General Obligation Bonds, Series 2012 (the "2012 Obligations") that were used for the construction of an animal shelter. Interest on the bonds ranges from 2.00% to 3.50% and the bonds have maturities through 2032. All of the proceeds from the 2012 Obligations were allocated to the City's General Fund. The outstanding balance of the 2012 Obligations was refunded by the issuance of the 2022 Refunding Bonds during the year ended September 30, 2022, as further discussed below.

In August 2017, the City issued \$9,140,000 of General Obligation Refunding Bonds, Series 2017 (the "2017 Refunding Bonds"). Proceeds from the sale of the 2017 Refunding Bonds were used to redeem a portion of the City's remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008 and Series 2009, and pay costs of issuance of the bonds. Interest on the 2017 Refunding Bonds is 2.14% and the bonds have maturities through 2028. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$954,325. The reacquisition price on the bonds refunded was \$9,038,493, and the net carrying value was \$8,666,246, resulting in a net deferred charge on refunding of \$372,247, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$45,359. The outstanding balance of the 2017 Refunding Bonds as of September 30, 2022 was \$6,175,000.

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

In September 2019, the City issued a \$2,185,000 General Obligation Tax Note, Series 2019 (the "2019 Tax Note") that will be used for the purchase of various equipment and for improvements at various City buildings. Interest on the 2019 Tax Note is 1.76% and the note has maturities through 2026. All of the proceeds from the 2019 Tax Note were allocated to the City's General Fund. The outstanding balance of the 2019 Tax Note as of September 30, 2022 was \$1,275,000.

The 2019 Tax Note is considered a direct borrowing. The total direct borrowings related to the Governmental Activities was \$1,275,000 as of September 30, 2022. The 2019 Tax Note is not subject to prepayment at the option of the City prior to maturity, and is payable to the Registered Owner, First National Bank Texas; Killeen, Texas.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8. LONG-TERM DEBT (continued):

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

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

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

In May 2020, the City issued \$4,600,000 in Combination Tax and Limited Pledge Revenue Certificates of Obligation, Series 2020 (the “2020 Obligations”) that will be used for the purchase of a fire truck, water meter replacements, street repairs, and golf course improvements. Interest on the bonds is 2.29% and the bonds have maturities through 2035. Proceeds from the 2020 Obligations were allocated between the General Fund, the Water and Sewer Fund, and the Golf Course Fund in the amounts of \$2,950,000, \$1,500,000, and \$150,000 respectively. The outstanding balance of the 2020 Obligations as of September 30, 2022 was \$4,170,000.

In January 2022, the City issued \$1,940,000 of General Obligation Refunding Bonds, Series 2022 (the “2022 Refunding Bonds”). Proceeds from the sale of the 2022 Refunding Bonds were used to redeem a portion of the City’s remaining outstanding Series 2012 General Obligation Bonds and pay costs of issuance of the bonds. Interest on the 2022 Refunding Bonds will range from 2.0% to 4.0% and the bonds have maturities through 2032. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$131,020. The reacquisition price on the bonds refunded was \$2,115,026, and the net carrying value was \$2,148,616, resulting in a net deferred credit on refunding of \$33,589, which is being amortized by the City using the effective interest method. Current year amortization of the deferred credit was \$1,448. The outstanding balance of the 2022 Refunding Bonds as of September 30, 2022 was \$1,940,000.

The old net cash flow requirements of the City for bonds affected by the issuance of the 2022 Refunding Bonds were \$2,307,214 and the new net cash flow requirements are \$2,187,507 after issuance of the 2022 Refunding Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$119,707.

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

| Governmental activities detail: | <u>Interest Rates</u> | <u>Maturity Date</u> | <u>Amount Outstanding</u> |
|---|-----------------------|----------------------|---------------------------|
| 2017 general obligation refunding bonds, callable at par beginning June 1, 2027 | 2.14% | 2028 | \$ 2,430,000 |
| 2020 certificates of obligation, callable at par beginning June 1, 2029 | 2.29% | 2035 | 2,685,000 |
| 2022 general obligation refunding bonds, callable at par beginning June 1, 2031 | 2.00%-4.00% | 2032 | 1,940,000 |
| | | | <u>\$ 7,055,000</u> |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8. LONG-TERM DEBT (continued):

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

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

| Fiscal year ending September 30, | General Obligation Bonds and Certificates of Obligation | | General Obligation Tax Note from Direct Borrowing | | Total |
|-------------------------------------|--|---------------------|--|------------------|---------------------|
| | Principal | Interest | Principal | Interest | |
| 2023 | \$ 690,000 | \$ 184,986 | \$ 310,000 | \$ 19,712 | \$ 1,204,698 |
| 2024 | 715,000 | 166,976 | 315,000 | 14,212 | 1,211,188 |
| 2025 | 730,000 | 148,181 | 320,000 | 8,624 | 1,206,805 |
| 2026 | 750,000 | 129,072 | 330,000 | 2,904 | 1,211,976 |
| 2027 | 870,000 | 108,089 | - | - | 978,089 |
| 2028-2032 | 2,775,000 | 246,768 | - | - | 3,021,768 |
| 2033-2035 | 525,000 | 18,263 | - | - | 543,263 |
| | <u>\$ 7,055,000</u> | <u>\$ 1,002,335</u> | <u>\$ 1,275,000</u> | <u>\$ 45,452</u> | <u>\$ 9,377,787</u> |

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

Business-type activities (revenue bonds and c.o.'s)

| | Interest Rates | Maturity Date | Amount Outstanding |
|---|-------------------|------------------|-----------------------|
| 2017 general obligation refunding bonds, callable at par beginning June 1, 2027 | 2.14% | 2028 | \$ 3,745,000 |
| 2020 certificates of obligation, callable at par beginning June 1, 2029 | 2.29% | 2035 | <u>1,485,000</u> |
| | | | <u>\$ 5,230,000</u> |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 8. LONG-TERM DEBT (continued):

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

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

| Fiscal year ending September 30, | Principal | Interest | Total |
|---|---------------------|-------------------|---------------------|
| 2023 | \$ 720,000 | \$ 113,005 | \$ 833,005 |
| 2024 | 730,000 | 97,332 | 827,332 |
| 2025 | 735,000 | 81,545 | 816,545 |
| 2026 | 740,000 | 65,651 | 805,651 |
| 2027 | 745,000 | 49,593 | 794,593 |
| 2028-2032 | 1,210,000 | 87,006 | 1,297,006 |
| 2033-2035 | 350,000 | 12,137 | 362,137 |
| | <u>\$ 5,230,000</u> | <u>\$ 506,269</u> | <u>\$ 5,736,269</u> |

Canadian River Municipal Water Authority Obligations:

Dam and Aqueduct System Obligation. The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 12. During 2010, CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Bureau of Reclamation Prepayment Project) to refund the remaining balance of the 1999 issuance. The Series 2010 Refunding Bonds were repaid during a prior year.

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

In December 2012, CRMWA issued \$39,505,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2012, (the “2012 CRMWA Refunding Bonds”). Proceeds from the sale of the 2012 CRMWA Refunding Bonds were used to 1) advance refund \$41,575,000 of the CRMWA Series 2005 Revenue Bonds, and 2) pay costs of issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the CRMWA Series 2005 Revenue Bonds are considered defeased. Interest on the 2012 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2013 to 2025. The City’s share of the 2012 CRMWA Refunding Bonds is 5.72%, or approximately \$1,632,202, and the refunding will result in a reduction of the total debt service requirements of the City by approximately \$184,178. The reacquisition price of the City’s portion of the CRMWA Series 2005 Revenue Bonds was \$1,939,571, and the net carrying value was \$1,792,195, resulting in a deferred loss on refunding of \$147,376, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$12,193. The balance of the 2012 CRMWA Refunding Bonds were refunded by the issuance of the 2021 CRMWA Refunding Bonds during the year ended September 30, 2022, as further discussed below.

In December 2014, CRMWA issued \$42,165,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 (the “2014 CRMWA Refunding Bonds”). Proceeds from the sale of the 2014 CRMWA Refunding Bonds will be used to 1) advance refund \$32,670,000 of the CRMWA Series 2006 Bonds and current refund \$12,605,000 of the CRMWA Series 2005 Refunding Bonds, and 2) pay costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the CRMWA Series 2005 Revenue Bonds are considered defeased. Interest on the 2014 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2015 to 2027. The City’s share of the 2014 CRMWA Refunding Bonds of \$1,618,403 is approximately 3.838% and will result in a reduction of the total debt service requirements of the City by approximately \$84,516. The reacquisition price on the City’s portion of the bonds refunded was \$1,836,988, and the net carrying value was \$1,782,347, resulting in a deferred charge on refunding of \$54,641, which is being amortized by the City using the effective interest method. Current year amortization of the deferred charge was \$3,406. The balance of the 2014 CRMWA Refunding Bonds as of September 30, 2022 was \$560,340.

In November 2017, CRMWA issued \$11,465,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (the “2017 CRMWA Refunding Bonds”). Proceeds from the sale of the 2017 CRMWA Refunding Bonds were used to 1) advance refund a portion of the CRMWA Series 2009 Conjunctive Use Obligations and 2) pay the costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the portion of the CRMWA Series 2009 Conjunctive Use Obligations are considered defeased. Interest on the 2017 CRMWA Refunding Bonds will be from 3.0% to 5.0%, with maturities ranging from 2018 to 2029. The City’s share of the 2017 CRMWA Refunding Bonds is 3.6% or approximately \$412,740. The reacquisition price on the City’s portion of the bonds refunded was \$451,599, and the net carrying value was \$488,700, resulting in a deferred credit on refunding of \$37,101, which is being amortized by the City using the effective interest method. The current year amortization of the deferred credit was \$4,362. The balance on the 2017 CRMWA Refunding Bonds as of September 30, 2022 was \$296,820.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

In November 2020, CRMWA issued \$44,095,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2020 (the “2020 CRMWA Refunding Bonds”). Proceeds from the sale of the 2020 CRMWA Refunding Bonds were used to 1) advance refund a portion of the CRMWA Series 2011 Conjunctive Use Ground Water Supply Project Bonds and 2) pay the costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the portion of the CRMWA Series 2011 Conjunctive Use Ground Water Supply Project Bonds are considered defeased. Interest on the 2020 CRMWA Refunding Bonds will be from 4.0% to 5.0%, with maturities ranging from 2021 to 2031. The City’s share of the 2020 CRMWA Refunding Bonds is 3.641% or approximately \$1,605,499 and will result in a reduction of the total debt service requirements of the City by approximately \$585,319. The reacquisition price on the City’s portion of the bonds refunded was \$1,930,698, and the net carrying value was \$1,886,220, resulting in a deferred charge on refunding of \$44,478, which is being amortized by the City using the effective interest method. The current year amortization of the deferred charge was \$7,032. The balance on the 2020 CRMWA Refunding Bonds as of September 30, 2022, was \$1,477,154.

The old net cash flow requirements of the City’s share of the bonds affected by the issuance of the 2020 CRMWA Refunding Bonds were \$3,580,070 and the net new cash flow requirements are \$3,033,121 after issuance of the 2020 CRMWA Refunding Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$546,949.

In November 2021, CRMWA issued \$14,645,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2021 (the “2021 CRMWA Refunding Bonds”). Proceeds from the sale of the 2021 CRMWA Refunding Bonds were used to 1) advance refund a portion of the CRMWA Series 2012 Conjunctive Use Ground Water Supply Project Bonds and 2) pay the costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the portion of the CRMWA Series 2012 Conjunctive Use Ground Water Supply Project Bonds are considered defeased. Interest on the 2021 CRMWA Refunding Bonds will be from 3.0% to 5.0%, with maturities ranging from 2022 to 2025. The City’s share of the 2021 CRMWA Refunding Bonds is 5.720% or approximately \$837,628 and will result in a reduction of the total debt service requirements of the City by approximately \$54,466. The reacquisition price on the City’s portion of the bonds refunded was \$882,958, and the net carrying value was \$861,364, resulting in a deferred charge on refunding of \$21,594, which is being amortized by the City using the effective interest method. The current year amortization of the deferred charge was \$8,060. The balance on the 2021 CRMWA Refunding Bonds as of September 30, 2022, was \$837,628.

The old net cash flow requirements of the City’s share of the bonds affected by the issuance of the 2021 CRMWA Refunding Bonds were \$756,188 and the net new cash flow requirements are \$702,554 after issuance of the 2021 CRMWA Refunding Bonds. The advance refunding resulted in an economic gain (difference between the present value of the debt service payments on the old and new debt) of \$53,634.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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 |
|---|---------------------|-------------------|---------------------|
| 2023 | \$ 541,566 | \$ 131,382 | \$ 672,948 |
| 2024 | 568,687 | 103,823 | 672,510 |
| 2025 | 593,070 | 79,496 | 672,566 |
| 2026 | 318,005 | 61,436 | 379,441 |
| 2027 | 333,391 | 45,389 | 378,780 |
| 2028-2031 | 817,223 | 71,098 | 888,321 |
| | <u>\$ 3,171,942</u> | <u>\$ 492,624</u> | <u>\$ 3,664,566</u> |

Long-term liability activity for the year ended September 30, 2022 was as follows:

| | Balance October 1, 2021 | Additions | Reductions | Balance September 30, 2022 | Due Within One Year |
|---|--|---------------------|---------------------|---|------------------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 7,910,000 | \$ 1,940,000 | \$ 2,795,000 | \$ 7,055,000 | \$ 690,000 |
| Add: Unamortized bond premiums | 48,616 | 230,602 | 58,606 | 220,612 | - |
| Notes payable: | | | | | |
| General obligation tax note from direct borrowing | 1,580,000 | - | 305,000 | 1,275,000 | 310,000 |
| Leases | 251,439 | 571,853 | 326,453 | 496,839 | 180,519 |
| Compensated absences | 607,486 | 675,716 | 607,486 | 675,716 | - |
| Total Governmental Activities long-term liabilities | <u>\$ 10,397,541</u> | <u>\$ 3,418,171</u> | <u>\$ 4,092,545</u> | <u>\$ 9,723,167</u> | <u>\$ 1,180,519</u> |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| Revenue bonds and Certificates of obligation | \$ 5,955,000 | \$ - | \$ 725,000 | \$ 5,230,000 | \$ 720,000 |
| CRMWA obligations | 3,718,331 | 837,628 | 1,384,017 | 3,171,942 | 541,566 |
| Add: Unamortized bond premiums | 419,197 | 56,865 | 143,885 | 332,177 | - |
| Total bonds payable | 10,092,528 | 894,493 | 2,252,902 | 8,734,119 | 1,261,566 |
| Landfill closure liability | 2,085,994 | 296,544 | - | 2,382,538 | - |
| Leases | 196,040 | 49,430 | 143,422 | 102,048 | 26,452 |
| Compensated absences | 72,310 | 95,517 | 72,310 | 95,517 | 66,771 |
| Total Business-type Activities long-term liabilities | <u>\$ 12,446,872</u> | <u>\$ 1,335,984</u> | <u>\$ 2,468,634</u> | <u>\$ 11,314,222</u> | <u>\$ 1,354,789</u> |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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-type activities. The City does not anticipate any changes in the future for liquidation of these types of liabilities from how they have been liquidated in the past.

Current year interest expense was recorded as follows:

| | Governmental Activities | Business-type Activities |
|--|------------------------------------|-------------------------------------|
| Accrued interest payable at October 1, 2021 | \$ (50,767) | \$ (67,956) |
| Interest and fees paid during the year | 244,782 | 227,748 |
| Amortization of bond premium and deferred charge on refunding | 4,731 | (52,960) |
| Accrued interest payable at September 30, 2022 | 31,408 | 58,901 |
| Interest expense | \$ 230,154 | \$ 165,733 |

NOTE 9. NET INVESTMENT IN CAPITAL ASSETS:

In a previous year, the remaining unpaid balance of the Tax and Waterworks and Sewer System Surplus Certificates of Obligation, Series 2009 (the “2009 Obligations”) previously reported in the business-type activities and carried in the Aquatics Center Fund was transferred to the governmental activities of the City and is being repaid through debt service taxes. Subsequent to the transfer of the debt, the capital asset constructed using the debt proceeds is reported in the business-type activities column, while the borrowing is now reflected in the governmental activities column on the Statement of Net Position. Therefore, the remaining outstanding debt balance of the 2009 Obligations, and the related 2017 Refunding Bonds of the transferred debt, as of September 30, 2022 of \$2,184,859 is excluded when calculating the net investment in capital assets for the governmental activities, but is included in this calculation for the total primary government. The effect of this reporting is that the net investment in capital assets and unrestricted net position (deficit) totals reported in the primary government do not agree to the sum of these categories reported in the governmental activities and business-type activities columns.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 10. INTER-FUND TRANSFERS:

The composition of interfund balances as of September 30, 2022, is as follows:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | | | | <u>Total</u> |
|------------------------|--------------------------------|------------------------------------|------------------------|----------------------------------|--------------|
| | <u>Coronavirus Relief Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Aquatics Center</u> | <u>Nonmajor Enterprise Funds</u> | |
| General Fund | \$ 4,821 | \$ 216,729 | \$ 150,785 | \$ 350,425 | \$ 722,760 |

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

Interfund transfers of cash occurred during the year as follows:

| <u>Transfers Out</u> | <u>Transfers In</u> | | | | | <u>Total</u> |
|-----------------------------|---------------------|------------------------------|------------------------------------|------------------------|----------------------------------|--------------|
| | <u>General</u> | <u>Capital Projects Fund</u> | <u>Nonmajor Governmental Funds</u> | <u>Aquatics Center</u> | <u>Nonmajor Enterprise Funds</u> | |
| General fund | \$ - | \$ - | \$ 199,600 | \$ - | \$ - | \$ 199,600 |
| Nonmajor governmental funds | - | - | 6,000 | - | - | 6,000 |
| Water and sewer fund | 52,710 | 4,000,000 | - | 101,765 | 250,000 | 4,404,475 |
| Nonmajor enterprise funds | 450,000 | - | - | - | - | 450,000 |
| Total | \$ 502,710 | \$ 4,000,000 | \$ 205,600 | \$ 101,765 | \$ 250,000 | \$ 5,060,075 |

Interfund transfers were done in order to supplement the operations of the General Fund, the M.K. Brown Auditorium, the Lovett Memorial Library, the Aquatics Center, and the Municipal Golf Course, and to setup savings in the Capital Projects Fund for sewer system improvements.

NOTE 11. COMMITMENTS:

In a previous year, the City entered into contracts for equipment use and engineering services related to improvements to the water treatment and wastewater treatment plant. The project began in July 2015 and has an estimated engineering cost of \$488,171, estimated equipment costs of \$1,068,419, and total estimated project costs of \$4,050,000. As of September 30, 2022, \$429,850 in engineering costs, \$1,068,419 in equipment costs, \$79,463 in electrical costs, \$1,107,059 in construction costs and \$61,860 in previously capitalized interest and other miscellaneous costs have been incurred. Of these amounts, \$688,374 were recorded as construction in progress related to the project and \$2,058,277 of the costs had been placed in service as of September 30, 2022. Subsequent to September 30, 2022, and through the date of this report, no additional project costs have been incurred. The project is expected to be completed in September 2023.

During the prior year, the City began incurring costs related to a waterline replacement project. The original estimated project cost was \$397,271. As of September 30, 2022, \$387,391 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, additional costs of \$9,880 were incurred. The project was completed and placed in service in January 2023.

During the prior year, the City began incurring costs related to the Sensus meter project, with total estimated project costs of \$1,479,721. As of September 30, 2022, \$866,604 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional costs have been paid. The project is expected to be completed in September 2024.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 11. COMMITMENTS (continued):

During the prior year, the City began incurring costs related to the Red Deer Creek rehab project, with total estimated project costs of \$400,000. As of September 30, 2022, \$151,933 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional project costs have been paid. The project is expected to be completed in May 2024.

During the current year, the City began incurring cost related to the replacement of Gray Street water main, with total estimated project costs of \$750,000. As of September 30, 2022, \$23,346 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional project costs have been paid. The project is expected to be completed by June 2024.

During the current year, the City began incurring cost related to utility roof construction, with total estimated project costs of \$349,962. As of September 30, 2022, \$141,553 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional project costs have been paid. The project is expected to be completed by April 2023.

During the current year, the City began incurring cost related to the installation of a new water generator, with total estimated project costs of \$180,772. As of September 30, 2022, \$141,618 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional project costs have been paid. The project is expected to be completed in September 2023.

During the current year, the City began incurring cost related to a dog park. As of the date of this report, the expected total project costs have not been determined. As of September 30, 2022, \$9,760 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and as of the date of this report, an additional \$2,640 in project costs have been paid. The project is expected to be completed in July 2023.

During the current year, the City began incurring cost related to improvements at the armory building, with total estimated project costs of \$285,000. As of September 30, 2022, \$98,243 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2022, and through the date of this report, no additional costs have been incurred. The project is expected to be completed in March 2023.

NOTE 12. SURFACE WATER SUPPLY CONTRACT:

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 13. EMPLOYEE RETIREMENT SYSTEM:

Plan Description

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

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

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

Benefits Provided

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

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 150 |
| Inactive employees entitled to but not yet receiving benefits | 93 |
| Active employees | <u>159</u> |
| | <u><u>402</u></u> |

Contributions

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

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 21.79% and 20.67% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,899,393, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

| Asset Class | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|-----------------------|--------------------------|--|
| Global Public Equity | 35.00% | 7.55% |
| Core Fixed Income | 6.00% | 2.00% |
| Non-Core Fixed Income | 20.00% | 5.68% |
| Real Return | 12.00% | 7.22% |
| Real Estate | 12.00% | 6.85% |
| Absolute Return | 5.00% | 5.35% |
| Private Equity | 10.00% | 10.00% |
| Total | <u>100.00%</u> | |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Discount Rate

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

Allocations

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

Changes in the Net Pension Liability

| | Increase (Decrease) | | |
|--|------------------------------------|--|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/20 | \$ 49,276,060 | \$ 39,500,200 | \$ 9,775,860 |
| Changes for the year: | | | |
| Service cost | 1,368,788 | - | 1,368,788 |
| Interest | 3,273,502 | - | 3,273,502 |
| Change in benefit terms | - | - | - |
| Diff between expected/actual experience | (392,157) | - | (392,157) |
| Changes of assumptions | - | - | - |
| Contributions - employer | - | 1,827,270 | (1,827,270) |
| Contributions - employee | - | 587,029 | (587,029) |
| Net investment income | - | 5,145,711 | (5,145,711) |
| Benefit payments, including refunds of employee contributions | (2,928,263) | (2,928,263) | - |
| Administrative expenses | - | (23,828) | 23,828 |
| Other charges | - | 163 | (163) |
| Net changes | <u>1,321,870</u> | <u>4,608,082</u> | <u>(3,286,212)</u> |
| Balance at 12/31/21 | <u>\$ 50,597,930</u> | <u>\$ 44,108,282</u> | <u>\$ 6,489,648</u> |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

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

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

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|------------------------------|---|----------------------------------|---|
| City's net pension liability | \$ 13,180,194 | \$ 6,489,648 | \$ 998,518 |

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2022, the City recognized pension expense of \$70,480. At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience (net of current year amortization) | \$ - | \$ 524,127 |
| Changes in actuarial assumptions | 9,921 | - |
| Differences between projected and actual investment earnings (net of current year amortization) | - | 2,638,258 |
| Contributions subsequent to the measurement date | 1,398,864 | - |
| Total | \$ 1,408,785 | \$ 3,162,385 |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

\$1,398,864 is included in deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Year Ending September 30,</u> | | |
|---|----|---------------------------|
| 2023 | \$ | (785,107) |
| 2024 | | (1,268,635) |
| 2025 | | (602,834) |
| 2026 | | (495,888) |
| 2027 | | - |
| Thereafter | | - |
| | \$ | <u><u>(3,152,464)</u></u> |

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

Supplemental Death Benefits Plan

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

Plan Description

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other Post Employment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75).

Contributions

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

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.41% and 0.34% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022 were \$32,668, and were equal to the required contributions.

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 96 |
| Inactive employees entitled to but not yet receiving benefits | 18 |
| Active employees | 161 |
| | 275 |

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

**CITY OF PAMPA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|---|
| Inflation | 2.50% per year |
| Overall payroll growth | 3.50% to 11.50% including inflation |
| Discount rate | 1.84% |
| Retirees' share of benefit-related costs | \$ - |
| Administrative expenses | All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68. |
| Mortality rates - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generation basis with scale UMP. |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021. The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Changes in the Total OPEB Liability

| | Increase (Decrease) Total OPEB Liability |
|--|---|
| | |
| Balance at 12/31/20 | \$ 743,088 |
| Changes for the year: | |
| Service cost | 29,354 |
| Interest | 14,895 |
| Change in benefit terms | - |
| Diff between expected/actual experience | (29,565) |
| Changes of assumptions | 21,995 |
| Contributions - employer | - |
| Contributions - employee | - |
| Net investment income | - |
| Benefit payments, including refunds of employee contributions | (26,000) |
| Administrative expenses | - |
| Other charges | - |
| Net changes | 10,679 |
| Balance at 12/31/21 | \$ 753,767 |

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

The following shows the total OPEB liability calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate:

| | 1% Decrease in Discount Rate (0.84%) | Discount Rate (1.84%) | 1% Increase in Discount Rate (2.84%) |
|-----------------------------|---|----------------------------------|---|
| City's total OPEB liability | \$ 914,465 | \$ 753,767 | \$ 630,038 |

OPEB Plan Total Liability

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$62,670.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience (net of current year amortization) | \$ - | \$ 61,409 |
| Changes in actuarial assumptions | 105,708 | 6,744 |
| Differences between projected and actual investment earnings (net of current year amortization) | - | - |
| Contributions subsequent to the measurement date | 23,250 | - |
| Total | \$ 128,958 | \$ 68,153 |

\$23,250 is included in deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending September 30,</u> | | |
|---|----|---------|
| 2023 | \$ | 11,351 |
| 2024 | | 22,657 |
| 2025 | | 5,577 |
| 2026 | | (1,511) |
| 2027 | | (519) |
| Thereafter | | - |
| | \$ | 37,555 |

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

Retiree Health Benefit Plan

In addition to the supplemental death benefit plan described above, prior to fiscal year 2000 the City offered post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retired at age 55 or older with a minimum 15 years of service or to an employee who retired at any age and had a minimum of 25 years of service. The City discontinued the provision of this benefit in fiscal year 2000, and current employees of the City are not eligible to participate. As of September 30, 2022, the City had 8 retirees who previously met the eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled, are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2022, no former employees were covered under the COBRA provisions.

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

| | <u>Expenditures</u> | <u>Retiree Reimbursements</u> | <u>Net Cost to City</u> |
|----------|---------------------|-------------------------------|-------------------------|
| Retirees | \$ <u>68,254</u> | \$ <u>66,205</u> | \$ <u>2,049</u> |

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

NOTE 15. RISK MANAGEMENT:

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 15. RISK MANAGEMENT (continued):

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

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

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

Unpaid claim liabilities are recorded in the dental benefit internal service fund for dental care claims. The following represents the changes in estimated aggregate liabilities for the City from October 1, 2020 to September 30, 2022:

| | Dental Benefits |
|---------------------------------------|----------------------------|
| Liability balance, October 1, 2020 | \$ 3,128 |
| Claims and changes in estimates | 95,939 |
| Claims payments | (92,758) |
| Liability balance, September 30, 2021 | 6,309 |
| Claims and changes in estimates | 78,124 |
| Claims payments | (80,687) |
| Liability balance, September 30, 2022 | \$ 3,746 |

NOTE 16. DEFERRED COMPENSATION PLAN:

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 16. DEFERRED COMPENSATION PLAN (continued):

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

Since the assets are held in trust for the exclusive benefit of the participating employees and not the City or its general creditors, none of the assets are reported in the City's financial statements, in accordance with GASB Statement No. 32, *Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans*.

NOTE 17. LANDFILL PERMIT:

The City was approved for additional permitting for the City's landfill with the State of Texas on December 29, 1995. The additional permitting should increase capacity of the City's landfill to a level which will meet the needs of the City for at least 64 years. The City has incurred costs to date to obtain the permit of \$690,786. On October 8, 1998, the new landfill opened and the City began to amortize the costs as a charge to operations based on an estimate of capacity used to total capacity of the new landfill. The estimated usage to date is 23.5%, resulting in \$162,335 of permit costs being amortized through September 30, 2022.

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

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

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

Landfill permit 589A had originally been estimated to have a total of eight cells, but was able to be expanded to include a total of ten cells. Cells one through four had been filled in previous years and covered in accordance with both State and Federal regulations. During the year ended September 30, 2009, the City completed usage of cells five through eight and covered these cells also in accordance with State and Federal regulations. In November 2009, the City was notified by the TCEQ that they had approved the closure activities of cells five through eight.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

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

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

As of September 30, 2022 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$246,228 and \$522,536, respectively. In accordance with GASB 18, the City records the incurred liability for closure and post-closure costs based on the filled portion of the landfill's estimated total capacity. As of September 30, 2022, the capacity used to date for permit 589A was estimated to be 82.80%, resulting in estimated liabilities for closure and post-closure costs of \$203,877 and \$432,659, respectively.

Landfill permit 2238 has been estimated to have a total of sixteen cells, with an estimated life of approximately 64 years. Through September 30, 2022, the City had constructed and was using cells one through four of permit 2238. Consistent with permit 589A, the City along with its landfill engineering consultant was able to determine closure and post-closure cost estimates for permit 2238. Based upon these estimates the future closure and post-closure costs for permit 2238 were determined to be \$3,789,176 and \$2,612,221, respectively. These estimates are subject to annual inflation adjustments based on the inflation factor published by the Texas Commission on Environmental Quality.

As of September 30, 2022 the inflation adjusted estimated closure and post-closure costs for permit 2238 were \$4,368,920 and \$3,011,891, respectively. The capacity used to date for permit 2238 was estimated to be 23.5%, resulting in estimated liabilities for closure and post-closure costs of \$1,033,510 and \$712,492, respectively.

The recording of change in estimated closure and post-closure liability based on the inflation adjustment and change in capacity filled for both of the City's landfill permits discussed above resulted in \$296,544 being recorded as landfill closure cost expense in the Solid Waste Management Fund on the City's financial statements.

The City is required by state and federal laws and regulations to meet certain financial responsibility requirements in connection with the City's exposure to liability for the closure and post-closure care costs. The City has elected to meet financial assurance responsibility by complying with one option called the

Local Government Financial Test and Government Guarantee. To meet this test the City must satisfy three components:

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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

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

| Type of Expenditure | Cost Estimate | | |
|-------------------------|-----------------|-----------------|--------------|
| | Old Landfill | New Landfill | Total |
| Closure costs | \$ 246,228 | \$ 4,397,917 | \$ 4,644,145 |
| Post-closure care costs | 522,536 | 3,031,881 | 3,554,417 |
| | \$ 768,764 | \$ 7,429,798 | \$ 8,198,562 |

The City's financial ratio is as follows:

| | | | |
|--------------------------------------|------------|--|----------|
| Total closure and post-closure costs | 8,198,562 | | = 29.75% |
| Total City revenue | 27,554,159 | | |

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

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

NOTE 19. COMPONENT UNIT TRANSACTIONS:

The following were significant transactions between the City and the PEDC for the year ended September 30, 2022:

In November 2015, the PEDC board of directors approved a grant to the City in the amount of \$100,000 for street repairs in downtown Pampa. Previously, the City had expensed \$76,972 of the grant funds. As of September 30, 2022, the City had expended the remaining \$23,028 of the grant funds.

In October 2021, the PEDC purchased the Chamber of Commerce building and property held in the leased properties fund from the City. Proceeds from the sale totaled \$250,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS:

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

According to the requirements of this Statement, leases should be recognized and measured using the facts and circumstances that exist at the beginning of the period of implementation (or, if applied to earlier periods, the beginning of the earliest period restated). However, lessors should not restate the assets underlying their existing sales-type or direct financing leases. Any residual assets for those leases become the carrying values of the underlying assets. The City evaluated all lease agreements currently in place and made the determination as documented in Note 7 to the financial statements.

In June 2018, the GASB issued Statement 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a presorting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5-22 of Statement No. 62, *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*, which are superseded by this Statement.

This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

The requirements of this Statement were effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. However, in accordance with GASB 95, the effective date of the Statement is postponed for reporting periods beginning after December 15, 2020. The requirements of this Statement should be applied prospectively. The adoption of this Statement did not have any significant impact on the City's financial statements.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS
(continued):

In January 2020, the GASB issued Statement 92, *Omnibus 2020* (GASB 92). The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This Statement addresses a variety of topics and includes specific provisions about (1) the effective date of GASB 87, and Implementation Guide No. 2019-3, Leases, for interim financial reports; (2) reporting of intra-entity transfers of assets between a primary government employer and a component unit defined pension plan or defined benefit other postemployment benefit (OPEB) plan; (3) the applicability of Statements 73, *Accounting and Financial Reporting for Pensions and Related Assets That Are Not within the Scope of GASB 68, and Amendments to Certain Provisions of GASB Statements 67 and 68, as amended*, and 74, *Financial Reporting for Postemployment Benefit Plans Other Than Pension Plans*, as amended, to reporting assets accumulated for postemployment benefits; (4) the applicability of certain requirements of Statement 84, *Fiduciary Activities*, to postemployment benefit arrangements; (5) measurement of liabilities (and assets, if any) related to asset retirement obligations (AROs) in a government acquisition; (6) reporting by public entity risk pools for amounts that are recoverable from reinsurers or excess insurers; (7) reference to nonrecurring fair value measurements of assets or liabilities in authoritative literature; and (8) terminology used to refer to derivative instruments. The requirements for topic (1) of this Statement are effective upon issuance. The requirements for all other topics of this Statement are effective for fiscal years beginning after June 15, 2020. Earlier application is encouraged and is permitted by topic. The adoption of this Statement did not have any significant impact on the City's financial statements.

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

Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*, as amended, requires a government to terminate hedge accounting when it renegotiates or amends a critical term of a hedging derivative instrument, such as the reference rate of a hedging derivative instrument's variable payment. In addition, in accordance with GASB 87, as amended, replacement of the rate on which the variable payments depend in a lease contract would require a government to apply the provisions for lease modifications, including remeasurement of the lease liability or lease receivable. The objective of this Statement is to address those and other accounting and financial reporting implications that result from the replacement of a LIBOR.

The requirements for this Statement were effective for reporting periods beginning after June 15, 2020. Early application is encouraged. However, in accordance with GASB 95, the effective date of the parts of this Statement regarding leases is postponed to periods beginning after June 15, 2021, and in the case of using the LIBOR for derivative instruments, after December 15, 2021. The adoption of this Statement did not have any significant impact on the City's financial statements.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS
(continued):

In June 2020, the GASB issued Statement 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* (GASB 97). The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this Statement are effective for fiscal years beginning after June 15, 2021. Earlier application is permitted. The adoption of this Statement did not have any significant impact on the City's financial statements.

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

In May 2019, the GASB issued Statement 91, *Conduit Debt Obligations*. The primary objectives of this Statement are to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with (1) commitments extended by issuers; (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. This Statement achieves those objectives by clarifying the existing definition of a conduit debt obligation; establishing that a conduit debt obligation is not a liability of the issuer; establishing standards for accounting and financial reporting of additional commitments and voluntary commitments extended by issuers and arrangements associated with conduit debt obligations; and improving required note disclosures. The requirements of this Statement will improve financial reporting by eliminating the existing option for issuers to report conduit debt obligations as their own liabilities, thereby ending significant diversity in practice. The clarified definition will resolve stakeholders' uncertainty as to whether a given financing is, in fact, a conduit debt obligation.

Requiring issuers to recognize liabilities associated with additional commitments extended by issuers and to recognize assets and deferred inflows of resources related to certain arrangements associated with conduit debt obligations also will eliminate diversity, thereby improving comparability in reporting by issuers. Revised disclosures will provide financial statement users with better information regarding the commitment's issuers extend and the likelihood that they will fulfill those commitments. That information will inform users of the potential impact of such commitments on the financial resources of issuers and help users assess issuers' roles in conduit debt obligations. The requirements of this Statement were effective for reporting periods beginning after December 15, 2020.

Earlier adoption is encouraged. However, in accordance with GASB 95, the effective date of the Statement is postponed for reporting periods beginning after December 15, 2021. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

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

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

In May 2020, the GASB issued Statement 96, *Subscription-Based Information Technology Arrangements* (GASB 96). The primary objective of this Statement is to provide guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITA's). That objective is accomplished by (1) defining a SBITA, (2) establishing that a SBITA results in a right-to-use subscription asset, and a corresponding subscription liability, (3) providing the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA, and (4) requiring note disclosures of essential information regarding a SBITA. The requirements of this Statement are effective for fiscal years beginning after June 15, 2022, and all reporting periods thereafter. Earlier application is permitted. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

In April 2022, the GASB issued Statement 99, *Omnibus 2022* (GASB 99). The primary objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing (1) practice issues that have been identified during implementation and application of certain GASB Statements and (2) accounting and financial reporting for financial guarantees.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

The practice issues addressed by this Statement are (1) classification and reporting of derivative instruments within the scope of GASB 53 that do not meet the definition of either an investment derivative instrument or a hedging derivative instrument; (2) classification of provisions in GASB 87, as amended, related to the determination of the lease term, classification of a lease as a short-term lease, recognition and measurement of a lease liability and a lease asset, and identification of lease incentives; (3) clarification of provisions in GASB 94 related to the determination of the PPP term and recognition and measurement of installment payments and the transfer of the underlying PPP asset; (4) clarification of provisions in GASB 96 related to SBITA term, classification of a SBITA as a short-term SBITA, and recognition and measurement of a subscription liability; (5) extension of the period during which the LIBOR is considered an appropriate benchmark interest rate for the qualitative evaluation of the effectiveness of an interest rate swap that hedges the interest rate risk of taxable debt; (6) accounting for the distribution of benefits as part of the Supplemental Nutrition Assistance Program (SNAP); (7) disclosures related to nonmonetary transactions; (8) pledges of future revenues when resources are not received by the pledging government; (9) clarification of provisions in Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*, as amended, related to the focus of the government-wide financial statements; (10) terminology updates related to certain provisions of Statement No. 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position*; and (11) terminology used in GASB 53 to refer to resource flows statements. The requirements of this Statement related to extension of the use of LIBOR, accounting for SNAP distributions, disclosures of nonmonetary transactions, pledges of future revenues, clarification of certain provisions in Statement 34, as amended, and terminology updates related to Statements 53 and 63 are effective upon issuance. The requirements of this Statement related to leases, PPPs, and SBITAs are effective for fiscal years beginning after June 30, 2022, and all reporting periods thereafter. The requirements of this Statement related to financial guarantees and the classification and reporting of derivative instruments are effective for fiscal years beginning after June 30, 2023, and all reporting periods thereafter. Management is currently evaluating the impact of the adoption of this Statement on the City’s financial statements.

In June 2022, the GASB issued Statement 100, *Accounting Changes and Error Corrections*. The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the City’s financial statements.

In June 2022, the GASB issued Statement 101, *Compensated Absences*. The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures.

This Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. A liability should be recognized for leave that has not been used if (a) the leave is attributable to services already rendered, (b) the leave accumulates, and (c) the leave is more likely than not to be used for time off or otherwise paid in cash or settled through noncash means.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

Leave is attributable to services already rendered when an employee has performed the services required to earn the leave. Leave that accumulates is carried forward from the reporting period in which it is earned to a future reporting period during which it may be used for time off or otherwise paid or settled. In estimating the leave that is more likely than not to be used or otherwise paid or settled, a government should consider relevant factors such as employment policies related to compensated absences and historical information about the use or payment of compensated absences. However, leave that is more likely than not to be settled through conversion to defined benefit postemployment benefits should not be included in a liability for compensated absences.

This Statement requires that a liability for certain types of compensated absences—including parental leave, military leave, and jury duty leave—not be recognized until the leave commences. This Statement also requires that a liability for specific types of compensated absences not be recognized until the leave is used. This Statement also establishes guidance for measuring a liability for leave that has not been used, generally using an employee’s pay rate as of the date of the financial statements. A liability for leave that has been used but not yet paid or settled should be measured at the amount of the cash payment or noncash settlement to be made. Certain salary-related payments that are directly and incrementally associated with payments for leave also should be included in the measurement of the liabilities. With respect to financial statements prepared using the current financial resources measurement focus, this Statement requires that expenditures be recognized for the amount that normally would be liquidated with expendable available financial resources.

The requirements of this Statement are effective for fiscal years beginning after December 15, 2023, and all reporting periods thereafter. Earlier application is encouraged. Management is currently evaluating the impact of the adoption of this Statement on the City’s financial statements.

NOTE 22. NOTES RECEIVABLE:

In October 2018, the City entered into an installment lease contract with a local cotton gin on the sale of land in the leased properties fund. As part of the agreement the gin will make five installment payments of \$200,000 annually and the agreement also includes a purchase option of \$1,000,000 that is forgivable. The purchase option at the conclusion of the agreement is forgivable if the gin constructs \$10 million in improvements to the land and maintains an average of 10 full time equivalents employed throughout the agreement. As of September 30, 2019, the gin had exceeded the requirements of the \$10 million in improvements and employed more than 10 employees. As a result, the City’s management expects the gin to meet the stated requirements and does not expect to receive any proceeds on the final purchase option included in the agreement. As a result, the purchase option has not been recorded on the City’s books as receivable. The present value of the future lease payments at the beginning of the lease was \$945,617, and the discount on the lease of \$54,383 will be amortized and recorded as interest income over the term of the agreement at the imputed interest rate of 2.649%, which is based on the average borrowing rate on the other City’s outstanding debt. The outstanding note receivable balance at September 30, 2022 was \$194,838. The future note payments to be received are as follows:

| Fiscal year ending | Principal | Interest | Total |
|---------------------------|------------------|-----------------|--------------|
| September 30, | | | |
| 2023 | \$ 194,838 | \$ 5,162 | \$ 200,000 |

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

NOTE 23. SUBSEQUENT EVENTS:

The City's management has evaluated subsequent events through March 27, 2023, which is the date the financial statements were available to be issued. Management is not aware of any events that occurred subsequent to September 30, 2022, that would require adjustment to or disclosure in the notes to the financial statements.

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**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>12/31/2019</u> |
|---|----------------------|----------------------|----------------------|
| Total Pension Liability | | | |
| Service cost | \$ 1,368,788 | \$ 1,299,107 | \$ 1,232,807 |
| Interest (on the total pension liability) | 3,273,502 | 3,191,652 | 3,092,291 |
| Changes of benefit terms | - | - | - |
| Difference between expected and actual experience | (392,157) | (565,381) | (393,323) |
| Change of assumptions | - | - | 100,113 |
| Benefit payments, including refunds of employee contributions | <u>(2,928,263)</u> | <u>(2,567,001)</u> | <u>(2,619,031)</u> |
| Net Change in Total Pension Liability | 1,321,870 | 1,358,377 | 1,412,857 |
| Total Pension Liability - Beginning | <u>49,276,060</u> | <u>47,917,683</u> | <u>46,504,826</u> |
| Total Pension Liability - Ending (a) | <u>\$ 50,597,930</u> | <u>\$ 49,276,060</u> | <u>\$ 47,917,683</u> |
| Plan Fiduciary Net Position | | | |
| Contributions - employer | \$ 1,827,270 | \$ 1,697,375 | \$ 1,637,885 |
| Contributions - employee | 587,029 | 553,148 | 535,006 |
| Net investment income | 5,145,711 | 2,808,488 | 5,017,329 |
| Benefit payments, including refunds of employee contributions | (2,928,263) | (2,567,001) | (2,619,031) |
| Administrative expense | (23,826) | (18,187) | (28,377) |
| Other | <u>103</u> | <u>(711)</u> | <u>(852)</u> |
| Net Change in Plan Fiduciary Net Position | 4,608,024 | 2,473,112 | 4,541,960 |
| Plan Fiduciary Net Position - Beginning | <u>39,500,258</u> | <u>37,027,146</u> | <u>32,485,186</u> |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 44,108,282</u> | <u>\$ 39,500,258</u> | <u>\$ 37,027,146</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 6,489,648</u> | <u>\$ 9,775,802</u> | <u>\$ 10,890,537</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 87.17% | 80.16% | 77.27% |
| Covered Payroll | \$ 8,387,180 | \$ 7,902,112 | \$ 7,642,944 |
| Net Pension Liability as a Percentage of Covered Payroll | 77.38% | 123.71% | 142.49% |

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

The information above corresponds to the Plan measurement date of December 31, 2021 as opposed to the City's fiscal year end of September 30, 2022.

| | <u>12/31/2018</u> | <u>12/31/2017</u> | <u>12/31/2016</u> | <u>12/31/2015</u> | <u>12/31/2014</u> |
|------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 1,171,864 | \$ 1,144,994 | \$ 1,134,951 | \$ 1,097,354 | \$ 916,826 |
| | 3,016,652 | 2,942,062 | 2,840,837 | 2,828,538 | 2,714,438 |
| | - | - | - | - | - |
| | (552,033) | (523,997) | (49,169) | (91,604) | 2,040 |
| | - | - | - | 194,442 | - |
| | <u>(2,473,739)</u> | <u>(2,469,175)</u> | <u>(2,394,841)</u> | <u>(2,342,645)</u> | <u>(1,844,472)</u> |
| | 1,162,744 | 1,093,884 | 1,531,778 | 1,686,085 | 1,788,832 |
| | <u>45,342,082</u> | <u>44,248,198</u> | <u>42,716,420</u> | <u>41,030,335</u> | <u>39,241,503</u> |
| \$ | <u>46,504,826</u> | <u>45,342,082</u> | <u>44,248,198</u> | <u>42,716,420</u> | <u>41,030,335</u> |
| | | | | | |
| \$ | 1,584,130 | \$ 1,537,357 | \$ 1,508,773 | \$ 1,557,370 | \$ 1,457,928 |
| | 510,775 | 499,374 | 496,541 | 506,360 | 468,146 |
| | (1,014,889) | 4,181,085 | 1,935,870 | 42,664 | 1,561,122 |
| | <u>(2,473,739)</u> | <u>(2,469,175)</u> | <u>(2,394,841)</u> | <u>(2,342,645)</u> | <u>(1,844,472)</u> |
| | (19,625) | (21,673) | (21,867) | (25,987) | (16,298) |
| | <u>(1,025)</u> | <u>(1,098)</u> | <u>(1,178)</u> | <u>(1,284)</u> | <u>(1,340)</u> |
| | (1,414,373) | 3,725,870 | 1,523,298 | (263,522) | 1,625,086 |
| | <u>33,899,559</u> | <u>30,173,689</u> | <u>28,650,391</u> | <u>28,913,913</u> | <u>27,288,827</u> |
| \$ | <u>32,485,186</u> | <u>33,899,559</u> | <u>30,173,689</u> | <u>28,650,391</u> | <u>28,913,913</u> |
| | | | | | |
| \$ | <u>14,019,640</u> | <u>11,442,523</u> | <u>14,074,509</u> | <u>14,066,029</u> | <u>12,116,422</u> |
| | | | | | |
| | 69.85% | 74.76% | 68.19% | 67.07% | 70.47% |
| | | | | | |
| \$ | 7,296,784 | \$ 7,133,921 | \$ 7,093,443 | \$ 7,233,711 | \$ 6,687,798 |
| | 192.13% | 160.40% | 198.42% | 194.45% | 181.17% |

**CITY OF PAMPA, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

| | <u>2022</u> | <u>2021</u> | <u>2020</u> |
|--|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 1,899,393 | \$ 1,748,950 | \$ 1,731,303 |
| Contributions in relation to actuarially determined contribution | <u>(1,899,393)</u> | <u>(1,748,950)</u> | <u>(1,731,303)</u> |
| Contribution deficiency (excess) | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| Covered payroll | \$ 9,039,457 | \$ 8,054,333 | \$ 8,065,023 |
| Contributions as a percentage of covered payroll | 21.01% | 21.71% | 21.47% |

Note: This Schedule of Employer Contributions shows the City's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. The data in the schedule above corresponds to the City's fiscal year as opposed to the time period covered by the plan measurement date of December 31, 2021.

See the accompanying independent auditor's report

| <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 1,614,962 | \$ 1,567,463 | \$ 1,555,313 | \$ 1,530,013 | \$ 1,509,437 |
| <u>(1,614,962)</u> | <u>(1,567,463)</u> | <u>(1,555,313)</u> | <u>(1,530,013)</u> | <u>(1,509,437)</u> |
| \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> | \$ <u>-</u> |
| \$ 7,509,928 | \$ 7,234,240 | \$ 7,165,948 | \$ 7,082,584 | \$ 6,930,381 |
| 21.50% | 21.91% | 21.70% | 21.60% | 21.78% |

CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Percentage of Payroll, Closed |
| Remaining Amortization Period | 24 years (longest amortization ladder) |
| Asset Valuation Method | 10 Year smoothed market; 12% soft corridor |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% including inflation |
| Investment Rate of Return | 6.75% |
| Retirement Age | Experience-based table based on rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018. |
| Mortality | Post Retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. the rates are projected on a fully generational basis with scale UMP. |

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

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | <u>12/31/2021</u> | <u>12/31/2020</u> | <u>12/31/2019</u> | <u>12/31/2018</u> |
|---|-------------------|-------------------|-------------------|-------------------|
| Total OPEB Liability | | | | |
| Service cost | \$ 29,354 | \$ 22,126 | \$ 16,814 | \$ 18,242 |
| Interest (on the total OPEB liability) | 14,895 | 18,546 | 21,006 | 19,806 |
| Changes of benefit terms | - | - | - | - |
| Difference between expected and actual experience | (29,565) | (47,479) | (17,497) | (25,397) |
| Change of assumptions | 21,995 | 90,894 | 94,171 | (35,144) |
| Benefit payments, including refunds of employee contributions | <u>(26,000)</u> | <u>(8,692)</u> | <u>(9,172)</u> | <u>(8,756)</u> |
| Net Change in Total OPEB Liability | 10,679 | 75,395 | 105,322 | (31,249) |
| Total OPEB Liability - Beginning | <u>743,088</u> | <u>667,693</u> | <u>562,371</u> | <u>593,620</u> |
| Total OPEB Liability - Ending (a) | <u>\$ 753,767</u> | <u>\$ 743,088</u> | <u>\$ 667,693</u> | <u>\$ 562,371</u> |
| | | | | |
| Covered-Employee Payroll | \$ 8,387,180 | \$ 7,902,112 | \$ 7,642,944 | \$ 7,296,784 |
| | | | | |
| Total OPEB Liability as a Percentage of Covered-Employee Payroll | 8.99% | 9.40% | 8.74% | 7.71% |

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

The information above corresponds to the Plan measurement date of December 31, 2021 as opposed to the City's fiscal year end of September 30, 2022.

CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

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

Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | N/A |
| Amortization Method | N/A |
| Remaining Amortization Period | N/A |
| Asset Valuation Method | N/A |
| Inflation | 2.50% |
| Salary Increases | 3.50% to 11.50% including inflation |
| Investment Rate of Return | 1.84% |
| Retirement Age | N/A |
| Mortality | Service retirees: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Disabled retirees: 2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULES**

**CITY OF PAMPA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2022**

| | Special Revenue | | | |
|---|--------------------------|----------------------------------|----------------------------------|--|
| | Debt Service | Controlled Substances | M.K. Brown Auditorium | Lovett Memorial Library |
| Assets: | | | | |
| Cash and cash equivalents | \$ 324,879 | \$ 5,685 | \$ 18,143 | \$ 240,977 |
| Receivables, net of allowance for uncollectibles | 34,356 | - | 54,328 | 8,582 |
| Prepaid items | - | - | 262 | 262 |
| Restricted cash | - | - | 56,577 | - |
| Restricted accrued interest | - | - | - | - |
| Restricted investments | - | - | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total assets | \$ <u>359,235</u> | \$ <u>5,685</u> | \$ <u>129,310</u> | \$ <u>249,821</u> |
| Liabilities, Deferred Inflows and Fund balances: | | | | |
| Liabilities: | | | | |
| Accounts payable | \$ - | \$ - | \$ 14,844 | \$ 8,970 |
| Accrued expenditures | - | - | 1,978 | 4,451 |
| Due to other funds | 202,211 | - | - | - |
| Unearned revenue | - | - | 58,493 | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total liabilities | <u>202,211</u> | <u>-</u> | <u>75,315</u> | <u>13,421</u> |
| Deferred inflows of resources: | | | | |
| Unavailable revenue - property taxes | <u>34,356</u> | <u>-</u> | <u>-</u> | <u>8,554</u> |
| Total deferred inflows of resources | <u>34,356</u> | <u>-</u> | <u>-</u> | <u>8,554</u> |
| Fund balances: | | | | |
| Nonspendable: | | | | |
| Prepaid items | - | - | 262 | 262 |
| Permanent fund principal | - | - | - | - |
| Restricted fund balance: | | | | |
| Debt service | 122,668 | - | - | - |
| M.K. Brown Auditorium | - | - | 53,733 | - |
| Lovett Library | - | - | - | 227,584 |
| Law enforcement | - | 5,685 | - | - |
| | <u> </u> | <u> </u> | <u> </u> | <u> </u> |
| Total fund balances | <u>122,668</u> | <u>5,685</u> | <u>53,995</u> | <u>227,846</u> |
| Total liabilities, deferred inflows, and fund balances | \$ <u>359,235</u> | \$ <u>5,685</u> | \$ <u>129,310</u> | \$ <u>249,821</u> |

| <u>Funds</u> | | | |
|-----------------------------|---------------------------------------|----------------------------------|--|
| <u>Public Safety Grants</u> | <u>Nonmajor Special Revenue Funds</u> | <u>M.K. Brown Permanent Fund</u> | <u>Total Nonmajor Governmental Funds</u> |
| \$ - | \$ 264,805 | \$ 4,404 | \$ 594,088 |
| 18,818 | 81,728 | - | 116,084 |
| - | 524 | - | 524 |
| - | 56,577 | - | 56,577 |
| - | - | 416 | 416 |
| - | - | 350,000 | 350,000 |
| <u>18,818</u> | <u>403,634</u> | <u>354,820</u> | <u>1,117,689</u> |
| \$ 4,300 | \$ 28,114 | \$ - | \$ 28,114 |
| - | 6,429 | - | 6,429 |
| 14,518 | 14,518 | - | 216,729 |
| - | 58,493 | - | 58,493 |
| <u>18,818</u> | <u>107,554</u> | <u>-</u> | <u>309,765</u> |
| - | 8,554 | - | 42,910 |
| - | 8,554 | - | 42,910 |
| - | 524 | - | 524 |
| - | - | 350,000 | 350,000 |
| - | - | - | 122,668 |
| - | 53,733 | 4,820 | 58,553 |
| - | 227,584 | - | 227,584 |
| - | 5,685 | - | 5,685 |
| - | 287,526 | 354,820 | 765,014 |
| <u>18,818</u> | <u>403,634</u> | <u>354,820</u> | <u>1,117,689</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, 2022

| | Special Revenue | | | |
|---|-------------------------|----------------------------------|----------------------------------|--|
| | Debt Service | Controlled Substances | M.K. Brown Auditorium | Lovett Memorial Library |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 1,213,081 | \$ - | \$ - | \$ 194,153 |
| Other taxes | - | - | 388,054 | - |
| Penalties and interest on taxes | 12,770 | - | - | 2,303 |
| Intergovernmental | - | - | - | 3,000 |
| Charges for services | - | - | 26,487 | 4,205 |
| Fines | - | - | - | 3,889 |
| Investment earnings | 1,312 | 20 | 35 | 800 |
| Contributions and donations | - | 2,872 | 48,131 | 7,010 |
| Other revenue | - | - | 100 | 164 |
| Total revenues | 1,227,163 | 2,892 | 462,807 | 215,524 |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | - | 6,455 | - | - |
| Culture and recreation | - | - | 365,868 | 404,197 |
| Capital outlay | - | - | 48,134 | - |
| Lease principal payments | - | - | 779 | 1,573 |
| Lease interest | - | - | 31 | 489 |
| Debt service: | | | | |
| Principal retirement | 1,000,000 | - | - | - |
| Interest and fiscal charges | 222,286 | - | - | - |
| Bond issuance costs | 55,576 | - | - | - |
| Total expenditures | 1,277,862 | 6,455 | 414,812 | 406,259 |
| Excess (deficiency) of revenues over (under) expenditures | (50,699) | (3,563) | 47,995 | (190,735) |
| Other financing sources (uses): | | | | |
| Issuance of bonds | 1,940,000 | - | - | - |
| Premium on issuance of bonds | 230,602 | - | - | - |
| Payments to refunded bond escrow agent | (2,115,026) | - | - | - |
| Transfers in | - | - | 6,000 | 199,600 |
| Transfers out | - | - | - | - |
| Total other financing sources (uses) | 55,576 | - | 6,000 | 199,600 |
| Net change in fund balances | 4,877 | (3,563) | 53,995 | 8,865 |
| Fund balances at beginning of year | 117,791 | 9,248 | - | 218,981 |
| Fund balances at end of year | \$ 122,668 | \$ 5,685 | \$ 53,995 | \$ 227,846 |

| <u>Funds</u> | | <u>M.K.</u> | <u>Total</u> |
|---------------|------------------------|-------------------|---------------------|
| <u>Public</u> | <u>Nonmajor</u> | <u>Brown</u> | <u>Nonmajor</u> |
| <u>Safety</u> | <u>Special Revenue</u> | <u>Permanent</u> | <u>Governmental</u> |
| <u>Grants</u> | <u>Funds</u> | <u>Fund</u> | <u>Funds</u> |
| \$ - | \$ 194,153 | \$ - | \$ 1,407,234 |
| - | 388,054 | - | 388,054 |
| - | 2,303 | - | 15,073 |
| 42,466 | 45,466 | - | 45,466 |
| - | 30,692 | - | 30,692 |
| - | 3,889 | - | 3,889 |
| - | 855 | 5,847 | 8,014 |
| - | 58,013 | - | 58,013 |
| - | 264 | - | 264 |
| <u>42,466</u> | <u>723,689</u> | <u>5,847</u> | <u>1,956,699</u> |
| 18,716 | 25,171 | - | 25,171 |
| - | 770,065 | - | 770,065 |
| 23,750 | 71,884 | - | 71,884 |
| - | 2,352 | - | 2,352 |
| - | 520 | - | 520 |
| - | - | - | 1,000,000 |
| - | - | - | 222,286 |
| - | - | - | 55,576 |
| <u>42,466</u> | <u>869,992</u> | <u>-</u> | <u>2,147,854</u> |
| - | (146,303) | 5,847 | (191,155) |
| - | - | - | 1,940,000 |
| - | - | - | 230,602 |
| - | - | - | (2,115,026) |
| - | 205,600 | - | 205,600 |
| - | - | (6,000) | (6,000) |
| - | 205,600 | (6,000) | 255,176 |
| - | 59,297 | (153) | 64,021 |
| - | 228,229 | 354,973 | 700,993 |
| <u>\$ -</u> | <u>\$ 287,526</u> | <u>\$ 354,820</u> | <u>\$ 765,014</u> |

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2022

| | Business-type Activities - Enterprise Funds | | Total Nonmajor Enterprise Funds |
|---|--|------------------------------|--|
| | Municipal Golf Course | Leased Properties | |
| Assets: | | | |
| Current assets: | | | |
| Cash and cash equivalents | \$ 14,934 | \$ 258,222 | \$ 273,156 |
| Restricted assets - current: | | | |
| Cash and cash equivalents | 74,949 | - | 74,949 |
| Accrued interest receivable | - | 2,369 | 2,369 |
| Receivables - net of uncollectible allowance | 682 | - | 682 |
| Note receivable - installment sale | - | 194,838 | 194,838 |
| Leases receivable | - | 22,942 | 22,942 |
| Prepaid expense | 4,017 | - | 4,017 |
| Inventories | 50,684 | - | 50,684 |
| Total current assets | <u>145,266</u> | <u>478,371</u> | <u>623,637</u> |
| Non-current assets: | | | |
| Leases receivable | - | 23,481 | 23,481 |
| Capital assets: | | | |
| Land | 545,514 | - | 545,514 |
| Buildings and improvements | 1,650,336 | 738,592 | 2,388,928 |
| Vehicles and equipment | 806,123 | - | 806,123 |
| Less: accumulated depreciation and amortization | <u>(2,007,551)</u> | <u>(525,035)</u> | <u>(2,532,586)</u> |
| Total non-current assets | <u>994,422</u> | <u>237,038</u> | <u>1,231,460</u> |
| Total assets | <u>1,139,688</u> | <u>715,409</u> | <u>1,855,097</u> |
| Deferred outflows: | | | |
| Deferred outflow related to TMRS | 22,728 | - | 22,728 |
| Total deferred outflows of resources | <u>22,728</u> | <u>-</u> | <u>22,728</u> |
| Liabilities: | | | |
| Current liabilities: | | | |
| Accounts payable | 6,491 | - | 6,491 |
| Accrued expenses | 4,894 | - | 4,894 |
| Due to other funds | 350,425 | - | 350,425 |
| Accrued interest payable | 6,273 | - | 6,273 |
| Unearned revenue | 17,882 | - | 17,882 |
| Bonds payable - current: | | | |
| Revenue bonds and certificates of obligation | 10,000 | - | 10,000 |
| Leases payable - current | 16,475 | - | 16,475 |
| Compensated absences | 2,433 | - | 2,433 |
| Total current liabilities | <u>414,873</u> | <u>-</u> | <u>414,873</u> |
| Non-current liabilities: | | | |
| Revenue bonds and certificates of obligation | 120,000 | - | 120,000 |
| Net pension liability | 75,343 | - | 75,343 |
| Total OPEB liability | 11,450 | - | 11,450 |
| Leases payable | 61,361 | - | 61,361 |
| Compensated absences | 7,300 | - | 7,300 |
| Total non-current liabilities | <u>275,454</u> | <u>-</u> | <u>275,454</u> |
| Total liabilities | <u>690,327</u> | <u>-</u> | <u>690,327</u> |
| Deferred inflows: | | | |
| Deferred inflows related to leases | - | 47,217 | 47,217 |
| Deferred inflow related to TMRS | 54,800 | - | 54,800 |
| Total deferred inflows of resources | <u>54,800</u> | <u>47,217</u> | <u>102,017</u> |
| Net position: | | | |
| Net investment in capital assets | 861,694 | 213,557 | 1,075,251 |
| Restricted for capital acquisition | 74,949 | - | 74,949 |
| Unrestricted | <u>(519,354)</u> | <u>454,635</u> | <u>(64,719)</u> |
| Total net position | <u>\$ 417,289</u> | <u>\$ 668,192</u> | <u>\$ 1,085,481</u> |

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

| | <u>Business-type Activities - Enterprise Funds</u> | | <u>Total Nonmajor Enterprise Funds</u> |
|---|--|------------------------------|--|
| | <u>Municipal Golf Course</u> | <u>Leased Properties</u> | |
| Operating revenues: | | | |
| Charges for services | \$ 330,042 | \$ - | \$ 330,042 |
| Rents and lease revenues | - | 49,581 | 49,581 |
| Other revenues | 87,216 | - | 87,216 |
| | <u>417,258</u> | <u>49,581</u> | <u>466,839</u> |
| Total operating revenues | | | |
| Operating expenses: | | | |
| Personnel services | 275,098 | - | 275,098 |
| Contractual services | 43,026 | 5,937 | 48,963 |
| Supplies and materials | 183,552 | - | 183,552 |
| Depreciation and amortization | 154,906 | 14,237 | 169,143 |
| Intercity administrative charges | 35,923 | 6,029 | 41,952 |
| Insurance and claims | 12,690 | 10,894 | 23,584 |
| | <u>705,195</u> | <u>37,097</u> | <u>742,292</u> |
| Total operating expenses | | | |
| Operating income (loss) | <u>(287,937)</u> | <u>12,484</u> | <u>(275,453)</u> |
| Non-operating revenues (expenses): | | | |
| Investment earnings | 8 | 13,143 | 13,151 |
| Loss on sale of property | - | (54,416) | (54,416) |
| Interest on leases | - | 2,369 | 2,369 |
| Interest and fiscal charges | (9,660) | - | (9,660) |
| | <u>(9,652)</u> | <u>(38,904)</u> | <u>(48,556)</u> |
| Total non-operating revenues (expenses) | | | |
| Income (loss) before transfers | (297,589) | (26,420) | (324,009) |
| Transfers in | 250,000 | - | 250,000 |
| Transfers out | - | (450,000) | (450,000) |
| | <u>(47,589)</u> | <u>(476,420)</u> | <u>(524,009)</u> |
| Change in net position | | | |
| Total net position - beginning of year | <u>464,878</u> | <u>1,144,612</u> | <u>1,609,490</u> |
| Total net position - end of year | <u>\$ 417,289</u> | <u>\$ 668,192</u> | <u>\$ 1,085,481</u> |

CITY OF PAMPA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

| | Business-type Activities | | Total |
|---|---------------------------------|-------------------|-------------------|
| | Enterprise Funds | | |
| | Municipal | Leased | Nonmajor |
| | Golf Course | Properties | Enterprise |
| | | | Funds |
| Cash flows from operating activities: | | | |
| Receipts from customers and users | \$ 423,046 | \$ 84,148 | \$ 507,194 |
| Payments to employees | (317,435) | - | (317,435) |
| Payments to suppliers | (242,678) | (17,576) | (260,254) |
| Payments for inter-fund services used | 66,796 | (6,029) | 60,767 |
| Net cash flows from operating activities | <u>(70,271)</u> | <u>60,543</u> | <u>(9,728)</u> |
| Cash flows from non-capital financing activities: | | | |
| Transfers from other funds | 250,000 | - | 250,000 |
| Transfers to other funds | - | (450,000) | (450,000) |
| Net cash flows from non-capital financing activities | <u>250,000</u> | <u>(450,000)</u> | <u>(200,000)</u> |
| Cash flows from capital and related financing activities: | | | |
| Acquisition and construction of capital assets | (30,521) | - | (30,521) |
| Proceeds from sale of capital assets | - | 250,000 | 250,000 |
| Proceeds from right-to-use lease | - | (71,372) | (71,372) |
| Principal received on note receivable | - | 189,809 | 189,809 |
| Principal received on leases receivable | - | 24,949 | 24,949 |
| Principal paid on capital debt | (138,204) | - | (138,204) |
| Interest paid on capital debt | (12,378) | - | (12,378) |
| Net cash flows from capital and related financing activities | <u>(181,103)</u> | <u>393,386</u> | <u>212,283</u> |
| Cash flows from investing activities: | | | |
| Interest and dividends received | 13 | 13,154 | 13,167 |
| Net cash flows from investing activities | <u>13</u> | <u>13,154</u> | <u>13,167</u> |
| Net increase (decrease) in cash and cash equivalents | (1,361) | 17,083 | 15,722 |
| Cash and cash equivalents at beginning of year | <u>91,244</u> | <u>241,139</u> | <u>332,383</u> |
| Cash and cash equivalents at end of year | <u>\$ 89,883</u> | <u>\$ 258,222</u> | <u>\$ 348,105</u> |
| Reconciliation of operating income (loss) to net cash flows from operating activities: | | | |
| Operating income (loss) | \$ (287,937) | \$ 12,484 | \$ (275,453) |
| Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities: | | | |
| Depreciation and amortization | 154,906 | 14,237 | 169,143 |
| Changes in assets & liabilities: | | | |
| (Increase) decrease in: | | | |
| Receivables | 2,567 | - | 2,567 |
| Prepaid expenses | (3,770) | - | (3,770) |
| Inventories | 826 | - | 826 |
| Deferred outflows related to TMRS | 283 | - | 283 |
| Increase (decrease) in: | | | |
| Accounts payable | (466) | (745) | (1,211) |
| Accrued expenses | (8,226) | - | (8,226) |
| Due to other funds | 102,719 | - | 102,719 |
| Unearned revenue | 3,221 | (12,650) | (9,429) |
| Net pension liability | (64,709) | - | (64,709) |
| Total OPEB liability | 210 | - | 210 |
| Deferred inflows related to leases | - | 47,217 | 47,217 |
| Deferred inflows related to TMRS | 29,252 | - | 29,252 |
| Compensated absences | 853 | - | 853 |
| Total adjustments | <u>217,666</u> | <u>48,059</u> | <u>265,725</u> |
| Net cash provided (used) by operating activities | <u>\$ (70,271)</u> | <u>\$ 60,543</u> | <u>\$ (9,728)</u> |
| Reconciliation of total cash and cash equivalents: | | | |
| Cash and cash equivalents on balance sheet | \$ 14,934 | \$ 258,222 | \$ 273,156 |
| Restricted cash and cash equivalents on balance sheet | <u>74,949</u> | <u>-</u> | <u>74,949</u> |
| Total cash and cash equivalents | <u>\$ 89,883</u> | <u>\$ 258,222</u> | <u>\$ 348,105</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Property taxes | \$ 1,239,208 | \$ 1,239,208 | \$ 1,213,081 | \$ (26,127) |
| Penalties and interest on taxes | 6,000 | 6,000 | 12,770 | 6,770 |
| Investment earnings | 7,450 | 7,450 | 1,312 | (6,138) |
| | <u>1,252,658</u> | <u>1,252,658</u> | <u>1,227,163</u> | <u>(25,495)</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Debt service: | | | | |
| Principal retirement | 1,000,000 | 1,000,000 | 1,000,000 | - |
| Interest and fiscal charges | 221,208 | 221,208 | 222,286 | (1,078) |
| Bond issuance costs | - | - | 55,576 | (55,576) |
| | <u>1,221,208</u> | <u>1,221,208</u> | <u>1,277,862</u> | <u>(56,654)</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>31,450</u> | <u>31,450</u> | <u>(50,699)</u> | <u>(82,149)</u> |
| Other financing sources (uses): | | | | |
| Issuance of bonds | - | - | 2,170,602 | 2,170,602 |
| Payment of refunded bonds | - | - | (2,115,026) | (2,115,026) |
| | <u>-</u> | <u>-</u> | <u>55,576</u> | <u>55,576</u> |
| Total other financing sources (uses) | | | | |
| Net change in fund balances | 31,450 | 31,450 | 4,877 | (26,573) |
| Fund balance at beginning of year | <u>117,791</u> | <u>117,791</u> | <u>117,791</u> | <u>-</u> |
| Fund balance at end of year | <u>\$ 149,241</u> | <u>\$ 149,241</u> | <u>\$ 122,668</u> | <u>\$ (26,573)</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|---------------------|---------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | \$ - | \$ 7,090 | \$ 20,589 | \$ 13,499 |
| Total revenues | <u>-</u> | <u>7,090</u> | <u>20,589</u> | <u>13,499</u> |
| Expenditures: | | | | |
| Capital outlay | <u>1,056,478</u> | <u>1,030,061</u> | <u>236,681</u> | <u>793,380</u> |
| Total expenditures | <u>1,056,478</u> | <u>1,030,061</u> | <u>236,681</u> | <u>793,380</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>(1,056,478)</u> | <u>(1,022,971)</u> | <u>(216,092)</u> | <u>806,879</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>4,000,000</u> | <u>4,000,000</u> | <u>4,000,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>4,000,000</u> | <u>4,000,000</u> | <u>4,000,000</u> | <u>-</u> |
| Net change in fund balances | 2,943,522 | 2,977,029 | 3,783,908 | 806,879 |
| Fund balances at beginning of year | <u>649,760</u> | <u>649,760</u> | <u>649,760</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 3,593,282</u> | <u>\$ 3,626,789</u> | <u>\$ 4,433,668</u> | <u>\$ 806,879</u> |

CITY OF PAMPA, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - CORONAVIRUS RELIEF FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|---------------------|---------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Intergovernmental | \$ - | \$ 2,118,785 | \$ 27,593 | \$ (2,091,192) |
| Investment earnings | - | 4,800 | - | (4,800) |
| | <u>-</u> | <u>2,123,585</u> | <u>27,593</u> | <u>(2,095,992)</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Public Safety | - | 150,000 | 27,593 | 122,407 |
| | <u>-</u> | <u>150,000</u> | <u>27,593</u> | <u>122,407</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>-</u> | <u>1,973,585</u> | <u>-</u> | <u>(1,973,585)</u> |
| Net change in fund balances | - | 1,973,585 | - | (1,973,585) |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ -</u> | <u>\$ 1,973,585</u> | <u>\$ -</u> | <u>\$ (1,973,585)</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|-----------------|-----------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Contributions and donations | \$ - | \$ 2,872 | \$ 2,872 | \$ - |
| Investment earnings | <u>10</u> | <u>10</u> | <u>20</u> | <u>10</u> |
| Total revenues | <u>10</u> | <u>2,882</u> | <u>2,892</u> | <u>10</u> |
| Expenditures: | | | | |
| Current: | | | | |
| Public safety | <u>-</u> | <u>6,520</u> | <u>6,455</u> | <u>65</u> |
| Total expenditures | <u>-</u> | <u>6,520</u> | <u>6,455</u> | <u>65</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>10</u> | <u>(3,638)</u> | <u>(3,563)</u> | <u>75</u> |
| Net change in fund balances | 10 | (3,638) | (3,563) | 75 |
| Fund balances at beginning of year | <u>9,248</u> | <u>9,248</u> | <u>9,248</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 9,258</u> | <u>\$ 5,610</u> | <u>\$ 5,685</u> | <u>\$ 75</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|-------------------|------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Other taxes | \$ 307,000 | \$ 331,739 | \$ 388,054 | \$ 56,315 |
| Charges for services | 30,200 | 26,461 | 26,487 | 26 |
| Investment earnings | 300 | 200 | 35 | (165) |
| Contributions and donations | - | 50,000 | 48,131 | (1,869) |
| Other revenue | 1,000 | 100 | 100 | - |
| | <u>338,500</u> | <u>408,500</u> | <u>462,807</u> | <u>54,307</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 344,167 | 366,707 | 365,868 | 839 |
| Capital outlay | - | 53,155 | 48,134 | 5,021 |
| Lease principal payments | - | - | 779 | (779) |
| Lease interest | - | - | 31 | (31) |
| | <u>344,167</u> | <u>419,862</u> | <u>414,812</u> | <u>5,050</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(5,667)</u> | <u>(11,362)</u> | <u>47,995</u> | <u>59,357</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>6,000</u> | <u>6,000</u> | <u>6,000</u> | <u>-</u> |
| Total other financing sources (uses) | <u>6,000</u> | <u>6,000</u> | <u>6,000</u> | <u>-</u> |
| Net change in fund balances | 333 | (5,362) | 53,995 | 59,357 |
| Fund balances at beginning of year | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 333</u> | <u>\$ (5,362)</u> | <u>\$ 53,995</u> | <u>\$ 59,357</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|-----------------------|-------------------|-------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 201,524 | \$ 201,073 | \$ 194,153 | \$ (6,920) |
| Penalties and interest on taxes | 3,000 | 2,000 | 2,303 | 303 |
| Intergovernmental | 3,000 | 3,000 | 3,000 | - |
| Charges for services | 4,100 | 4,168 | 4,205 | 37 |
| Fines | 2,500 | 3,883 | 3,889 | 6 |
| Investment earnings | 700 | 700 | 800 | 100 |
| Contributions and donations | - | 6,525 | 7,010 | 485 |
| Other revenue | 100 | 100 | 164 | 64 |
| | <u>214,924</u> | <u>221,449</u> | <u>215,524</u> | <u>(5,925)</u> |
| Total revenues | | | | |
| Expenditures: | | | | |
| Current: | | | | |
| Culture and recreation | 409,455 | 415,980 | 404,197 | 11,783 |
| Capital outlay | 5,000 | 5,000 | - | 5,000 |
| Lease principal payments | - | - | 1,573 | (1,573) |
| Lease interest | - | - | 489 | (489) |
| | <u>414,455</u> | <u>420,980</u> | <u>406,259</u> | <u>14,721</u> |
| Total expenditures | | | | |
| Excess (deficiency) of revenues over (under) expenditures | <u>(199,531)</u> | <u>(199,531)</u> | <u>(190,735)</u> | <u>8,796</u> |
| Other financing sources (uses): | | | | |
| Transfers in | <u>199,600</u> | <u>199,600</u> | <u>199,600</u> | <u>-</u> |
| Total other financing sources (uses) | <u>199,600</u> | <u>199,600</u> | <u>199,600</u> | <u>-</u> |
| Net change in fund balances | 69 | 69 | 8,865 | 8,796 |
| Fund balances at beginning of year | <u>218,981</u> | <u>218,981</u> | <u>218,981</u> | <u>-</u> |
| Fund balances at end of year | <u>\$ 219,050</u> | <u>\$ 219,050</u> | <u>\$ 227,846</u> | <u>\$ 8,796</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, 2022

| | <u>Budget Amounts</u> | | <u>Actual</u> | <u>Variance with Final Budget</u> |
|--|--------------------------|--------------------------|--------------------------|---------------------------------------|
| | <u>Original</u> | <u>Final</u> | | |
| Revenues: | | | | |
| Investment earnings | \$ <u>6,000</u> | \$ <u>6,000</u> | \$ <u>5,847</u> | \$ <u>(153)</u> |
| Total revenues | <u>6,000</u> | <u>6,000</u> | <u>5,847</u> | <u>(153)</u> |
| Excess (deficiency) of revenues over (under) expenditures | <u>6,000</u> | <u>6,000</u> | <u>5,847</u> | <u>(153)</u> |
| Other financing sources (uses): | | | | |
| Transfers out | <u>(6,000)</u> | <u>(6,000)</u> | <u>(6,000)</u> | <u>-</u> |
| Total other financing sources (uses) | <u>(6,000)</u> | <u>(6,000)</u> | <u>(6,000)</u> | <u>-</u> |
| Net change in fund balances | - | - | (153) | (153) |
| Fund balances at beginning of year | <u>354,973</u> | <u>354,973</u> | <u>354,973</u> | <u>-</u> |
| Fund balances at end of year | \$ <u><u>354,973</u></u> | \$ <u><u>354,973</u></u> | \$ <u><u>354,820</u></u> | \$ <u><u>(153)</u></u> |

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2022

Governmental funds capital assets (net of accumulated depreciation):

| | |
|---------------------------|----------------|
| Land | \$ 48,829 |
| Collection | 203,500 |
| Roads | 96,497 |
| Buildings & improvements | 6,044,835 |
| Vehicles & Equipment | 4,089,988 |
| Right-to-use lease assets | 435,088 |
| Construction in progress | <u>108,003</u> |

Total governmental activities capital assets, net \$ 11,026,740

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

| | |
|--|---------------|
| General fund | \$ 9,874,735 |
| M.K. Brown Auditorium special revenue fund | 668,736 |
| Lovett Memorial Library special revenue fund | 411,269 |
| Public safety grants special revenue fund | <u>72,000</u> |

Total investment in governmental activities capital assets by source (net of accumulated depreciation) \$ 11,026,740

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2022

| | <u>Land</u> | <u>Collection</u> | <u>Roads</u> | <u>Buildings & Improvements</u> | <u>Construction in Progress</u> | <u>Vehicles & Equipment</u> | <u>Right-to-use Lease Assets</u> | <u>Total</u> |
|---|------------------|-------------------|-------------------|---|-------------------------------------|-------------------------------------|--------------------------------------|----------------------|
| General government: | | | | | | | | |
| Mayor & commission | \$ 3,306 | \$ - | \$ - | \$ - | \$ - | \$ 14,790 | \$ - | \$ 18,096 |
| Administrative services | - | - | - | - | - | 21,850 | 4,627 | 26,477 |
| Building & grounds | 2,163 | - | - | 3,585,430 | - | 427,634 | 6,046 | 4,021,273 |
| Information technology | - | - | - | 11,045 | - | 381,141 | - | 392,186 |
| Central stores | - | - | - | 4,632 | - | 19,047 | - | 23,679 |
| Central garage | - | - | - | 150,199 | - | 852,497 | - | 1,002,696 |
| Subtotal | <u>5,469</u> | <u>-</u> | <u>-</u> | <u>3,751,306</u> | <u>-</u> | <u>1,716,959</u> | <u>10,673</u> | <u>5,484,407</u> |
| Culture & recreation: | | | | | | | | |
| Parks | 43,360 | 95,000 | - | 379,716 | - | 1,415,418 | 10,117 | 1,943,611 |
| Recreation | - | - | 151,789 | 1,689,141 | 98,243 | 457,535 | 980 | 2,397,688 |
| M.K. Brown Auditorium | - | 108,500 | - | 3,495,584 | - | 296,419 | 980 | 3,901,483 |
| Lovett Memorial Library | - | - | - | 1,003,259 | - | 89,994 | 11,466 | 1,104,719 |
| Subtotal | <u>43,360</u> | <u>203,500</u> | <u>151,789</u> | <u>6,567,700</u> | <u>98,243</u> | <u>2,259,366</u> | <u>23,543</u> | <u>9,347,501</u> |
| Solid waste collection | - | - | - | - | - | 1,650,329 | 995 | 1,651,324 |
| Streets & traffic: | | | | | | | | |
| Planning & engineering | - | - | - | - | - | 361,945 | - | 361,945 |
| Streets & traffic control | - | - | 18,754,572 | 1,396,182 | - | 4,067,725 | 6,378 | 24,224,857 |
| Subtotal | <u>-</u> | <u>-</u> | <u>18,754,572</u> | <u>1,396,182</u> | <u>-</u> | <u>4,429,670</u> | <u>6,378</u> | <u>24,586,802</u> |
| Public safety: | | | | | | | | |
| Animal control | - | - | - | 3,032,448 | 9,760 | 165,356 | - | 3,207,564 |
| Police | - | - | - | 113,815 | - | 1,722,773 | 478,190 | 2,314,778 |
| Fire suppression | - | - | - | 227,553 | - | 3,627,172 | 15,285 | 3,870,010 |
| Fire prevention | - | - | - | 106,045 | - | 764,137 | 5,419 | 875,601 |
| Dispatch | - | - | - | 5,579 | - | 74,418 | - | 79,997 |
| Emergency management & civil defense | - | - | - | - | - | 451,828 | 23,055 | 474,883 |
| Code enforcement | - | - | - | - | - | 75,722 | 8,315 | 84,037 |
| Subtotal | <u>-</u> | <u>-</u> | <u>-</u> | <u>3,485,440</u> | <u>9,760</u> | <u>6,881,406</u> | <u>530,264</u> | <u>10,906,870</u> |
| Total governmental activities capital assets | 48,829 | 203,500 | 18,906,361 | 15,200,628 | 108,003 | 16,937,730 | 571,853 | 51,976,904 |
| Less: accumulated depreciation | - | - | 18,809,864 | 9,155,793 | - | 12,847,742 | 136,765 | 40,950,164 |
| Total governmental activities capital assets net of accumulated depreciation | <u>\$ 48,829</u> | <u>\$ 203,500</u> | <u>\$ 96,497</u> | <u>\$ 6,044,835</u> | <u>\$ 108,003</u> | <u>\$ 4,089,988</u> | <u>\$ 435,088</u> | <u>\$ 11,026,740</u> |

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| | Governmental Fund Capital Assets Oct. 1, 2021 | Additions and Transfers In | Deletions and Transfers Out | Governmental Fund Capital Assets Sept. 30, 2022 |
|--|--|---|--|--|
| General government: | | | | |
| Mayor & commission | \$ 18,096 | \$ - | \$ - | \$ 18,096 |
| Administrative services | 21,850 | 4,627 | - | 26,477 |
| Building & grounds | 4,002,670 | 47,769 | (29,166) | 4,021,273 |
| Information technology | 392,186 | - | - | 392,186 |
| Central stores | 23,679 | - | - | 23,679 |
| Central garage | 983,285 | 19,411 | - | 1,002,696 |
| Subtotal | <u>5,441,766</u> | <u>71,807</u> | <u>(29,166)</u> | <u>5,484,407</u> |
| Culture & recreation: | | | | |
| Parks | 1,920,586 | 64,748 | (41,723) | 1,943,611 |
| Recreation | 2,323,459 | 99,223 | (24,994) | 2,397,688 |
| M.K. Brown Auditorium | 3,852,369 | 49,114 | - | 3,901,483 |
| Lovett Memorial Library | 1,093,254 | 11,465 | - | 1,104,719 |
| Subtotal | <u>9,189,668</u> | <u>224,550</u> | <u>(66,717)</u> | <u>9,347,501</u> |
| Solid waste collection | <u>1,532,063</u> | <u>253,082</u> | <u>(133,821)</u> | <u>1,651,324</u> |
| Streets & traffic: | | | | |
| Planning & engineering | 361,945 | - | - | 361,945 |
| Streets & traffic control | 23,922,133 | 382,114 | (79,390) | 24,224,857 |
| Subtotal | <u>24,284,078</u> | <u>382,114</u> | <u>(79,390)</u> | <u>24,586,802</u> |
| Public safety: | | | | |
| Animal control | 3,192,664 | 14,900 | - | 3,207,564 |
| Police | 1,767,597 | 604,073 | (56,892) | 2,314,778 |
| Fire suppression | 4,185,888 | 31,195 | (347,073) | 3,870,010 |
| Fire prevention | 831,602 | 43,999 | - | 875,601 |
| Dispatch | 79,997 | - | - | 79,997 |
| Emergency management & civil defense | 451,828 | 23,055 | - | 474,883 |
| Code enforcement | 75,721 | 8,316 | - | 84,037 |
| Subtotal | <u>10,585,297</u> | <u>725,538</u> | <u>(403,965)</u> | <u>10,906,870</u> |
| Total governmental activities capital assets | <u>\$ 51,032,872</u> | <u>\$ 1,657,091</u> | <u>\$ (713,059)</u> | <u>\$ 51,976,904</u> |

STATISTICAL SECTION

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Statistical Section Summary:

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

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.

138 - 145

Revenue Capacity

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

146 - 153

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.

154 - 163

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.

164 - 165

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.

166 - 168

Sources:

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

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Governmental activities: | | | | |
| Net investment in capital assets | \$ 5,827,112 | \$ 5,202,726 | \$ 5,148,905 | \$ 4,433,162 |
| Restricted | 1,236,187 | 1,306,222 | 1,698,544 | 1,495,321 |
| Unrestricted | <u>4,287,289</u> | <u>4,410,994</u> | <u>(8,198,359)</u> | <u>(8,269,716)</u> |
| Total governmental activities net assets | <u>11,350,588</u> | <u>10,919,942</u> | <u>(1,350,910)</u> | <u>(2,341,233)</u> |
| Business-type activities: | | | | |
| Net investment in capital assets | 10,801,091 | 11,320,364 | 15,614,500 | 16,018,887 |
| Restricted | 2,322,758 | 3,097,382 | 2,982,699 | 2,632,379 |
| Unrestricted | <u>2,962,850</u> | <u>4,255,594</u> | <u>2,839,400</u> | <u>4,474,467</u> |
| Total business-type activities net assets | <u>16,086,699</u> | <u>18,673,340</u> | <u>21,436,599</u> | <u>23,125,733</u> |
| Primary government: | | | | |
| Net investment in capital assets | 16,628,203 | 16,523,090 | 20,763,405 | 17,404,961 |
| Restricted | 3,558,945 | 4,403,604 | 4,681,243 | 4,127,700 |
| Unrestricted | <u>7,250,139</u> | <u>8,666,588</u> | <u>(5,358,959)</u> | <u>(748,161)</u> |
| Total primary government net assets | <u>\$ 27,437,287</u> | <u>\$ 29,593,282</u> | <u>\$ 20,085,689</u> | <u>\$ 20,784,500</u> |

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

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

Exhibit B-1

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----|--------------------|--------------------|--------------------|---------------------|--------------------|--------------------|
| \$ | 4,720,074 | \$ 4,552,253 | \$ 2,426,395 | \$ 4,078,796 | \$ 4,940,589 | \$ 5,216,836 |
| | 1,491,721 | 1,451,712 | 3,513,602 | 4,681,458 | 2,011,625 | 5,615,494 |
| | <u>(8,851,771)</u> | <u>(9,294,802)</u> | <u>(9,876,143)</u> | <u>(11,398,195)</u> | <u>(8,505,836)</u> | <u>(6,720,401)</u> |
| | <u>(2,639,976)</u> | <u>(3,290,837)</u> | <u>(3,936,146)</u> | <u>(2,637,941)</u> | <u>(1,553,622)</u> | <u>4,111,929</u> |
| | 16,322,430 | 18,197,269 | 19,222,934 | 20,351,764 | 20,050,078 | 20,077,471 |
| | 2,651,667 | 2,346,576 | 2,093,918 | 3,476,002 | 2,431,187 | 968,033 |
| | <u>5,586,776</u> | <u>5,765,897</u> | <u>7,401,801</u> | <u>6,169,033</u> | <u>8,173,292</u> | <u>6,301,570</u> |
| | <u>24,560,873</u> | <u>26,309,742</u> | <u>28,718,653</u> | <u>29,996,799</u> | <u>30,654,557</u> | <u>27,347,074</u> |
| | 17,714,398 | 19,589,813 | 18,586,395 | 21,521,743 | 22,464,143 | 23,109,448 |
| | 4,143,388 | 3,798,288 | 5,607,520 | 8,157,460 | 4,442,812 | 6,583,527 |
| | <u>63,111</u> | <u>(369,196)</u> | <u>588,592</u> | <u>(2,320,345)</u> | <u>2,193,980</u> | <u>1,766,028</u> |
| \$ | <u>21,920,897</u> | <u>23,018,905</u> | <u>24,782,507</u> | <u>27,358,858</u> | <u>29,100,935</u> | <u>31,459,003</u> |

City of Pampa, Texas

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

| Expenses: | 2013 | 2014 | 2015 | 2016 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Governmental activities: | | | | |
| General government | \$ 2,057,208 | \$ 2,109,398 | \$ 2,218,527 | \$ 2,245,560 |
| Public safety | 5,991,983 | 6,137,330 | 6,434,064 | 6,917,024 |
| Streets and traffic | 2,378,698 | 2,349,728 | 1,798,303 | 1,683,410 |
| Solid waste | 1,282,125 | 1,366,173 | 1,436,844 | 1,565,106 |
| Culture and recreation | 1,488,900 | 1,633,041 | 1,837,664 | 1,963,073 |
| Interest on long-term debt and bond costs | 229,502 | 210,265 | 355,280 | 268,653 |
| Total governmental activities expenses | <u>13,428,416</u> | <u>13,805,935</u> | <u>14,080,682</u> | <u>14,642,826</u> |
| Business-type activities: | | | | |
| Water and sewer system | 6,533,386 | 6,614,032 | 6,830,373 | 6,893,330 |
| Solid waste management | 1,874,287 | 1,714,224 | 1,604,782 | 1,624,659 |
| Aquatics center | 602,512 | 585,061 | 491,665 | 501,808 |
| Golf course | 520,294 | 529,837 | 515,374 | 525,914 |
| Leased properties | 36,519 | 36,002 | 39,151 | 20,786 |
| Total business-type activities expenses | <u>9,566,998</u> | <u>9,479,156</u> | <u>9,481,345</u> | <u>9,566,497</u> |
| Total primary government expenses | <u>\$ 22,995,414</u> | <u>\$ 23,285,091</u> | <u>\$ 23,562,027</u> | <u>\$ 24,209,323</u> |
| Program revenues: | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | \$ 870,251 | \$ 921,776 | \$ 975,947 | \$ 1,023,082 |
| Public safety | 659,926 | 584,846 | 515,719 | 624,196 |
| Solid waste | 2,317,559 | 2,400,135 | 2,443,191 | 2,435,430 |
| Culture and recreation | 109,728 | 100,297 | 91,735 | 95,841 |
| Operating grants and contributions | 200,975 | 114,551 | 121,534 | 421,602 |
| Capital grants and contributions | - | - | - | - |
| Total governmental activities program revenues | <u>4,158,439</u> | <u>4,121,605</u> | <u>4,148,126</u> | <u>4,600,151</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer system | 7,910,442 | 7,936,781 | 7,920,229 | 7,981,648 |
| Solid waste management | 1,781,560 | 2,024,031 | 2,033,115 | 2,110,968 |
| Aquatics center | 317,239 | 298,372 | 319,331 | 361,125 |
| Golf course | 321,192 | 308,207 | 312,355 | 287,239 |
| Leased properties | 73,958 | 89,504 | 71,212 | 45,251 |
| Operating grants and contributions | 162,830 | 84,588 | 2,923 | 16,654 |
| Capital grants and contributions | 50,000 | 30,000 | 66,811 | 299,720 |
| Total business-type activities program revenues | <u>10,617,221</u> | <u>10,771,483</u> | <u>10,725,976</u> | <u>11,102,605</u> |
| Total primary government program revenues | <u>\$ 14,775,660</u> | <u>\$ 14,893,088</u> | <u>\$ 14,874,102</u> | <u>\$ 15,702,756</u> |
| Net (Expense) Revenue | | | | |
| Governmental activities | \$ (9,269,977) | \$ (9,684,330) | \$ (9,932,556) | \$ (10,042,675) |
| Business-type activities | 1,050,223 | 1,292,327 | 1,244,631 | 1,536,108 |
| Total primary government net (expense) revenue | <u>\$ (8,219,754)</u> | <u>\$ (8,392,003)</u> | <u>\$ (8,687,925)</u> | <u>\$ (8,506,567)</u> |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities: | | | | |
| Property taxes | \$ 3,653,330 | \$ 3,902,718 | \$ 3,945,287 | \$ 4,174,713 |
| Sales taxes | 4,191,828 | 4,570,962 | 4,047,076 | 3,311,843 |
| Other taxes | 1,531,842 | 1,778,247 | 1,783,540 | 1,569,579 |
| Investment earnings | 14,795 | 7,774 | 5,832 | 3,481 |
| Miscellaneous revenues | 64,999 | 97,384 | 141,866 | 66,026 |
| Transfers in (out) | (85,551) | (1,103,401) | (3,201,978) | (73,290) |
| Total governmental activities | <u>9,371,243</u> | <u>9,253,684</u> | <u>6,721,623</u> | <u>9,052,352</u> |
| Business-type activities: | | | | |
| Investment earnings | 9,002 | 4,416 | 1,917 | 2,019 |
| Interest on leases | - | - | - | - |
| Miscellaneous revenues | 261,465 | 186,497 | - | 77,717 |
| Transfers in (out) | 85,551 | 1,103,401 | 3,201,978 | 73,290 |
| Total business-type activities | <u>356,018</u> | <u>1,294,314</u> | <u>3,203,895</u> | <u>153,026</u> |
| Total primary government | <u>\$ 9,727,261</u> | <u>\$ 10,547,998</u> | <u>\$ 9,925,518</u> | <u>\$ 9,205,378</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 101,266 | \$ (430,646) | \$ (3,210,933) | \$ (990,323) |
| Business-type activities | 1,406,241 | 2,586,641 | 4,448,526 | 1,689,134 |
| Total primary government | <u>\$ 1,507,507</u> | <u>\$ 2,155,995</u> | <u>\$ 1,237,593</u> | <u>\$ 698,811</u> |

Exhibit B-2

| | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 |
|----|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ | 2,122,176 | \$ 2,060,823 | \$ 2,062,349 | \$ 2,094,287 | \$ 2,123,641 | \$ 2,167,833 |
| | 7,198,624 | 7,267,208 | 7,698,846 | 7,603,206 | 7,629,463 | 7,667,203 |
| | 1,600,766 | 1,563,885 | 1,455,598 | 1,580,709 | 1,725,897 | 1,736,588 |
| | 1,523,816 | 1,538,354 | 1,408,053 | 1,440,689 | 1,393,156 | 1,514,669 |
| | 1,842,008 | 1,647,982 | 1,621,738 | 1,485,651 | 1,529,043 | 1,623,762 |
| | 278,728 | 232,337 | 229,280 | 252,669 | 258,476 | 230,154 |
| | <u>14,566,118</u> | <u>14,310,589</u> | <u>14,475,864</u> | <u>14,457,211</u> | <u>14,659,676</u> | <u>14,940,209</u> |
| | 6,741,312 | 6,436,059 | 6,514,468 | 6,716,224 | 6,378,808 | 6,554,975 |
| | 1,576,767 | 1,527,409 | 1,739,408 | 1,987,317 | 2,110,757 | 2,339,920 |
| | 458,729 | 509,783 | 508,471 | 357,938 | 474,009 | 504,506 |
| | 518,127 | 551,756 | 620,224 | 696,937 | 693,281 | 714,855 |
| | 18,413 | 21,114 | 22,798 | 26,931 | 56,887 | 37,097 |
| | <u>9,313,348</u> | <u>9,046,121</u> | <u>9,405,369</u> | <u>9,785,347</u> | <u>9,713,742</u> | <u>10,151,353</u> |
| \$ | <u>23,879,466</u> | <u>23,356,710</u> | <u>23,881,233</u> | <u>24,242,558</u> | <u>24,373,418</u> | <u>25,091,562</u> |
| \$ | 966,707 | \$ 1,084,563 | \$ 1,102,392 | \$ 1,285,161 | \$ 1,223,325 | \$ 1,244,859 |
| | 717,025 | 682,122 | 623,788 | 489,001 | 797,742 | 786,183 |
| | 2,396,383 | 2,447,986 | 2,497,239 | 2,483,821 | 2,497,780 | 2,515,712 |
| | 345,210 | 306,394 | 290,279 | 275,737 | 269,705 | 302,921 |
| | 233,540 | 193,967 | 196,330 | 1,220,447 | 259,336 | 241,166 |
| | 600,000 | 177,320 | 14,611 | 72,000 | 77,000 | 46,778 |
| | <u>5,258,865</u> | <u>4,892,352</u> | <u>4,724,639</u> | <u>5,826,167</u> | <u>5,124,888</u> | <u>5,137,619</u> |
| | 8,026,752 | 7,992,046 | 7,824,385 | 8,284,680 | 7,898,336 | 8,277,170 |
| | 2,021,098 | 1,990,034 | 1,952,697 | 1,982,982 | 1,988,613 | 1,964,350 |
| | 287,344 | 251,028 | 257,346 | 94,514 | 196,615 | 230,160 |
| | 294,022 | 285,674 | 261,344 | 300,170 | 291,114 | 330,042 |
| | 39,284 | 37,672 | 33,739 | 35,419 | 45,385 | 49,581 |
| | - | - | - | - | - | - |
| | 22,744 | 5,733 | 48,180 | 326,574 | - | - |
| | <u>10,691,244</u> | <u>10,562,187</u> | <u>10,377,691</u> | <u>11,024,339</u> | <u>10,420,063</u> | <u>10,851,303</u> |
| \$ | <u>15,950,109</u> | <u>15,454,539</u> | <u>15,102,330</u> | <u>16,850,506</u> | <u>15,544,951</u> | <u>15,988,922</u> |
| \$ | (9,307,253) | \$ (9,418,237) | \$ (9,751,225) | \$ (8,631,044) | \$ (9,534,788) | \$ (9,802,590) |
| | 1,377,896 | 1,516,066 | 972,322 | 1,238,992 | 706,321 | 699,950 |
| \$ | <u>(7,929,357)</u> | <u>(7,902,171)</u> | <u>(8,778,903)</u> | <u>(7,392,052)</u> | <u>(8,828,467)</u> | <u>(9,102,640)</u> |
| \$ | 4,231,691 | \$ 4,204,793 | \$ 4,263,669 | \$ 4,642,197 | \$ 4,681,526 | \$ 4,823,142 |
| | 3,141,356 | 3,338,080 | 3,245,164 | 3,479,137 | 3,733,779 | 4,101,564 |
| | 1,510,053 | 1,582,469 | 1,437,658 | 1,364,083 | 1,633,344 | 1,869,508 |
| | 4,589 | 17,517 | 87,873 | 56,567 | 33,074 | 61,475 |
| | 80,511 | 224,753 | 109,842 | 184,555 | 284,674 | 109,742 |
| | 40,310 | (170,290) | (38,290) | 202,710 | 252,710 | 4,502,710 |
| | <u>9,008,510</u> | <u>9,197,322</u> | <u>9,105,916</u> | <u>9,929,249</u> | <u>10,619,107</u> | <u>15,468,141</u> |
| | 3,214 | 31,168 | 248,217 | 185,584 | 65,415 | 30,933 |
| | - | - | - | - | - | 2,369 |
| | 94,340 | 115,673 | 1,150,082 | 56,280 | 138,732 | 439,589 |
| | (40,310) | 170,290 | 38,290 | (202,710) | (252,710) | (4,502,710) |
| | <u>57,244</u> | <u>317,131</u> | <u>1,436,589</u> | <u>39,154</u> | <u>(48,563)</u> | <u>(4,029,819)</u> |
| \$ | <u>9,065,754</u> | <u>9,514,453</u> | <u>10,542,505</u> | <u>9,968,403</u> | <u>10,570,544</u> | <u>11,438,322</u> |
| \$ | (298,743) | \$ (220,915) | \$ (645,309) | \$ 1,298,205 | \$ 1,084,319 | \$ 5,665,551 |
| | 1,435,140 | 1,833,197 | 2,408,911 | 1,278,146 | 657,758 | (3,329,869) |
| \$ | <u>1,136,397</u> | <u>1,612,282</u> | <u>1,763,602</u> | <u>2,576,351</u> | <u>1,742,077</u> | <u>2,335,682</u> |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General fund: | | | | |
| Non-spendable | \$ 83,787 | \$ 91,672 | \$ 145,405 | \$ 89,655 |
| Restricted | 109,048 | 121,815 | 403,893 | 302,309 |
| Assigned | 625,965 | 968,214 | 394,094 | 403,712 |
| Unassigned | <u>4,020,833</u> | <u>3,707,019</u> | <u>3,699,018</u> | <u>3,997,330</u> |
| Total general fund | <u>4,839,633</u> | <u>4,888,720</u> | <u>4,642,410</u> | <u>4,793,006</u> |
| All other governmental funds: | | | | |
| Non-spendable | 355,057 | 354,385 | 353,597 | 135,842 |
| Restricted | <u>1,395,886</u> | <u>972,433</u> | <u>1,038,533</u> | <u>1,156,903</u> |
| Total all other governmental funds | <u>1,750,943</u> | <u>1,326,818</u> | <u>1,392,130</u> | <u>1,292,745</u> |
| Total all governmental funds | <u>\$ 6,590,576</u> | <u>\$ 6,215,538</u> | <u>\$ 6,034,540</u> | <u>\$ 6,085,751</u> |

Exhibit B-3

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 86,507 | \$ 86,362 | \$ 101,900 | \$ 116,657 | \$ 179,594 | \$ 83,549 |
| 349,261 | 325,721 | 2,502,079 | 925,862 | 671,138 | 405,834 |
| 554,627 | 581,146 | 808,640 | 1,108,915 | 668,758 | 1,281,987 |
| <u>3,930,233</u> | <u>3,772,462</u> | <u>2,946,281</u> | <u>3,574,749</u> | <u>3,520,842</u> | <u>3,004,725</u> |
| <u>4,920,628</u> | <u>4,765,691</u> | <u>6,358,900</u> | <u>5,726,183</u> | <u>5,040,332</u> | <u>4,776,095</u> |
| 136,747 | 136,107 | 355,978 | 355,307 | 350,247 | 350,524 |
| <u>1,077,932</u> | <u>995,991</u> | <u>677,967</u> | <u>3,435,434</u> | <u>1,000,506</u> | <u>4,848,158</u> |
| <u>1,214,679</u> | <u>1,132,098</u> | <u>1,033,945</u> | <u>3,790,741</u> | <u>1,350,753</u> | <u>5,198,682</u> |
| <u>\$ 6,135,307</u> | <u>\$ 5,897,789</u> | <u>\$ 7,392,845</u> | <u>\$ 9,516,924</u> | <u>\$ 6,391,085</u> | <u>\$ 9,974,777</u> |

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|--|-----------------------|---------------------|---------------------|-------------------|
| Revenues: | | | | |
| Taxes | \$ 9,400,017 | \$ 10,271,990 | \$ 9,769,064 | \$ 9,060,373 |
| Charges for services | 3,512,341 | 3,581,496 | 3,628,290 | 3,639,478 |
| Fines & forfeitures | 433,321 | 341,574 | 282,893 | 386,083 |
| Interest | 14,780 | 7,755 | 5,824 | 3,471 |
| Intergovernmental | 106,449 | 96,884 | 106,596 | 409,505 |
| Licenses & permits | 73,208 | 141,459 | 201,393 | 220,297 |
| Miscellaneous | 190,793 | 115,051 | 171,536 | 340,185 |
| Total revenues | <u>13,730,909</u> | <u>14,556,209</u> | <u>14,165,596</u> | <u>14,059,392</u> |
| Expenditures: | | | | |
| General government | 1,688,987 | 1,808,722 | 1,986,896 | 1,865,479 |
| Public safety | 5,877,698 | 5,908,604 | 6,242,152 | 6,383,905 |
| Streets & traffic | 1,993,924 | 1,998,146 | 1,483,933 | 1,327,707 |
| Solid waste management | 1,170,849 | 1,234,783 | 1,321,390 | 1,357,357 |
| Culture & recreation | 1,189,456 | 1,335,798 | 1,488,156 | 1,594,126 |
| Capital outlay | 3,267,736 | 982,521 | 1,159,359 | 685,942 |
| Lease principal payments | - | - | - | - |
| Lease interest | - | - | - | - |
| Lease right-to-use asset | - | - | - | - |
| Debt service: | | | | |
| Interest and fiscal charges | 178,953 | 181,911 | 280,858 | 255,710 |
| Principal | 389,313 | 377,361 | 470,782 | 464,665 |
| Bond/note issuance costs | - | - | 40,757 | - |
| Total expenditures | <u>15,756,916</u> | <u>13,827,846</u> | <u>14,474,283</u> | <u>13,934,891</u> |
| Excess of revenues over (under) expenditures | <u>(2,026,007)</u> | <u>728,363</u> | <u>(308,687)</u> | <u>124,501</u> |
| Other Financing Sources (Uses): | | | | |
| Proceeds from borrowing | - | - | 1,724,382 | - |
| Payments to escrow agent | - | - | (1,505,843) | - |
| Right-to-use leases | - | - | - | - |
| Transfers in | 521,907 | 461,615 | 397,150 | 393,558 |
| Transfers out | <u>(687,500)</u> | <u>(1,565,016)</u> | <u>(488,000)</u> | <u>(466,848)</u> |
| Total other financing sources (uses) | <u>(165,593)</u> | <u>(1,103,401)</u> | <u>127,689</u> | <u>(73,290)</u> |
| Net change in fund balances | <u>\$ (2,191,600)</u> | <u>\$ (375,038)</u> | <u>\$ (180,998)</u> | <u>\$ 51,211</u> |
| Debt service as a percentage of non-capital expenditures | <u>4.55%</u> | <u>4.35%</u> | <u>5.65%</u> | <u>5.44%</u> |

Exhibit B-4

| | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|----|-------------------|---------------------|---------------------|---------------------|-----------------------|---------------------|
| \$ | 8,857,616 | \$ 9,112,120 | \$ 8,940,191 | \$ 9,447,230 | \$ 10,029,309 | \$ 10,801,547 |
| | 3,851,691 | 3,863,464 | 3,954,113 | 4,180,308 | 4,272,909 | 4,319,234 |
| | 494,604 | 448,287 | 373,858 | 260,859 | 283,696 | 307,820 |
| | 4,577 | 17,459 | 87,730 | 56,399 | 32,861 | 61,180 |
| | 791,770 | 308,406 | 73,973 | 1,159,888 | 344,324 | 328,622 |
| | 146,848 | 275,583 | 260,780 | 169,384 | 142,140 | 113,429 |
| | 132,540 | 303,092 | 288,224 | 325,818 | 486,902 | 245,565 |
| | <u>14,279,646</u> | <u>14,328,411</u> | <u>13,978,869</u> | <u>15,599,886</u> | <u>15,592,141</u> | <u>16,177,397</u> |
| | 1,902,106 | 2,002,678 | 1,981,660 | 2,074,294 | 2,307,965 | 2,284,468 |
| | 6,571,708 | 6,874,956 | 7,245,700 | 7,388,737 | 7,793,763 | 7,990,229 |
| | 1,312,806 | 1,379,098 | 1,351,336 | 1,439,662 | 1,575,954 | 1,518,644 |
| | 1,365,267 | 1,389,411 | 1,281,381 | 1,317,827 | 1,353,847 | 1,457,036 |
| | 1,487,296 | 1,371,144 | 1,369,502 | 1,316,272 | 1,377,704 | 1,479,284 |
| | 1,421,878 | 496,560 | 504,746 | 1,864,983 | 3,341,677 | 795,520 |
| | - | - | - | - | - | 166,398 |
| | - | - | - | - | - | 14,797 |
| | - | - | - | - | - | 207,560 |
| | 452,734 | 265,235 | 192,664 | 205,199 | 267,696 | 229,984 |
| | 337,319 | 616,557 | 663,534 | 982,215 | 1,116,125 | 1,160,055 |
| | 34,859 | - | 40,000 | 39,328 | - | 55,576 |
| | <u>14,885,973</u> | <u>14,395,639</u> | <u>14,630,523</u> | <u>16,628,517</u> | <u>19,134,731</u> | <u>17,359,551</u> |
| | <u>(606,327)</u> | <u>(67,228)</u> | <u>(651,654)</u> | <u>(1,028,631)</u> | <u>(3,542,590)</u> | <u>(1,182,154)</u> |
| | 3,760,714 | - | 2,185,000 | 2,950,000 | 164,041 | 2,170,602 |
| | (3,145,141) | - | - | - | - | (2,115,026) |
| | - | - | - | - | - | 207,560 |
| | 461,240 | 473,198 | 390,710 | 435,210 | 476,959 | 4,708,310 |
| | <u>(420,930)</u> | <u>(643,488)</u> | <u>(429,000)</u> | <u>(232,500)</u> | <u>(224,249)</u> | <u>(205,600)</u> |
| | <u>655,883</u> | <u>(170,290)</u> | <u>2,146,710</u> | <u>3,152,710</u> | <u>416,751</u> | <u>4,765,846</u> |
| \$ | <u>49,556</u> | \$ <u>(237,518)</u> | \$ <u>1,495,056</u> | \$ <u>2,124,079</u> | \$ <u>(3,125,839)</u> | \$ <u>3,583,692</u> |
| | <u>5.87%</u> | <u>6.34%</u> | <u>6.06%</u> | <u>8.04%</u> | <u>8.76%</u> | <u>9.61%</u> |

City of Pampa, Texas
Taxable Sales by Category
Calendar Years 2012 - 2021

| | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Agriculture/Forestry/Fishing/Hunting | \$ Not reported | \$ Not reported | \$ Not reported | \$ Not reported |
| Mining/Quarrying/Oil and Gas | 4,254,136 | 7,659,569 | 8,207,850 | 3,506,637 |
| Utilities | Not reported | Not reported | Not reported | Not reported |
| Construction | 10,253,984 | 8,504,872 | 8,481,587 | 7,449,839 |
| Manufacturing | 37,701,888 | 44,001,189 | 55,055,193 | 34,653,427 |
| Wholesale Trade | 39,492,521 | 23,650,358 | 31,334,281 | 15,624,696 |
| Retail Trade | 119,659,859 | 118,152,346 | 119,787,476 | 110,563,511 |
| Transportation/Warehousing | Not reported | Not reported | Not reported | Not reported |
| Information | 2,206,215 | 4,648,068 | 6,179,783 | 6,122,371 |
| Finance/Insurance | 823,252 | 772,808 | 728,904 | 611,732 |
| Real Estate/Rental Leasing | 4,132,571 | 3,991,091 | 4,061,853 | 3,594,159 |
| Professional/Scientific/Technical Services | 1,199,577 | 1,415,993 | 1,444,729 | 817,186 |
| Management of Companies/Enterprises | Not reported | Not reported | Not reported | Not reported |
| Admin/Support/Waste Mgmt/Remediation | 5,711,890 | 5,766,487 | 5,352,734 | 5,019,987 |
| Educational Services | Not reported | Not reported | Not reported | Not reported |
| Health Care/Social Assistance | 1,528,525 | 1,019,269 | 343,359 | 480,269 |
| Arts/Entertainment/Recreation | 615,987 | 776,009 | 832,195 | 825,873 |
| Accommodation/Food Services | 22,161,221 | 22,718,142 | 24,046,459 | 23,372,987 |
| Other Services | 5,827,342 | 6,012,572 | 6,480,114 | 6,098,753 |
| Public Administration | Not reported | Not reported | Not reported | Not reported |
| Other | Not reported | Not reported | Not reported | Not reported |
| All Industries ** | \$ <u>258,069,687</u> | \$ <u>249,411,627</u> | \$ <u>272,336,517</u> | \$ <u>219,066,846</u> |
| City direct sales tax rate | 2.0% | 2.0% | 2.0% | 2.0% |

* Taxable Sales by Category is reported for 2021 and the previous nine years as the 2022 sales tax data is not available for the entire year.

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

Source: State of Texas <https://mycpa.cpa.state.tx.us/allocation/HistSalesResults.jsp>

Exhibit C-1

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021 *</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ Not reported | \$ Not reported | \$ Not reported | \$ Not reported | \$ Not reported | \$ Not reported |
| 2,120,199 | 2,009,008 | 2,716,147 | 2,552,244 | 1,310,266 | 1,134,096 |
| Not reported | Not reported | Not reported | Not reported | Not reported | Not reported |
| 7,539,745 | 7,463,230 | 5,515,901 | 6,285,598 | 6,354,838 | 7,754,526 |
| 12,094,474 | 13,695,221 | 17,874,042 | 13,688,119 | 10,315,478 | 11,497,824 |
| 12,174,275 | 15,487,352 | 14,874,598 | 6,597,117 | 3,330,117 | 3,998,512 |
| 104,532,507 | 99,956,545 | 104,719,754 | 108,203,841 | 115,031,656 | 128,491,606 |
| Not reported | Not reported | Not reported | Not reported | Not reported | 31,640 |
| 6,633,488 | 6,204,318 | 6,163,317 | 5,756,426 | 4,621,576 | 3,692,874 |
| 570,077 | 560,092 | 592,183 | 562,271 | 532,106 | 593,380 |
| 2,830,168 | 2,693,421 | 2,743,130 | 3,244,625 | 3,433,648 | 3,219,738 |
| 551,841 | 516,655 | 475,719 | 1,490,978 | 457,586 | 489,602 |
| Not reported | Not reported | Not reported | Not reported | Not reported | Not reported |
| 4,434,860 | 5,100,080 | 4,983,028 | 5,067,008 | 3,712,929 | 3,745,706 |
| Not reported | 29,588 | Not reported | Not reported | Not reported | Not reported |
| 378,805 | 303,884 | 118,759 | 106,348 | 99,825 | 128,513 |
| 789,317 | 627,972 | 168,200 | 431,888 | 389,334 | 459,707 |
| 20,307,423 | 18,864,953 | 19,731,223 | 20,308,765 | 20,065,325 | 25,080,081 |
| 4,853,121 | 4,801,140 | 5,223,218 | 5,306,104 | 4,733,301 | 4,759,605 |
| Not reported | Not reported | Not reported | Not reported | Not reported | Not reported |
| Not reported | Not reported | Not reported | Not reported | Not reported | Not reported |
| <u>\$ 180,175,412</u> | <u>\$ 178,594,841</u> | <u>\$ 186,354,437</u> | <u>\$ 179,887,224</u> | <u>\$ 174,500,068</u> | <u>\$ 195,335,565</u> |
| 2.0% | 2.0% | 2.0% | 2.0% | 2.0% | 2.0% |

City of Pampa, Texas**Exhibit C-2****Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

| Tax Roll For Year Jan. 1 | Fiscal Year | Assessed Value | | Total Market Value* | Total Direct Tax Rate |
|---|------------------------|------------------------------------|--|------------------------------------|--|
| | | Real Property Value | Personal Property Value | | |
| 2012 | 2013 | 534,026,989 | 86,970,461 | 620,997,450 | 0.6210 |
| 2013 | 2014 | 560,096,730 | 108,506,050 | 668,602,780 | 0.6210 |
| 2014 | 2015 | 592,120,770 | 101,843,030 | 693,963,800 | 0.6210 |
| 2015 | 2016 | 603,432,260 | 92,154,300 | 695,586,560 | 0.6210 |
| 2016 | 2017 | 614,161,660 | 67,891,660 | 682,053,320 | 0.6572 |
| 2017 | 2018 | 617,369,120 | 63,200,035 | 680,569,155 | 0.6770 |
| 2018 | 2019 | 644,495,839 | 63,100,843 | 707,596,682 | 0.6770 |
| 2019 | 2020 | 643,783,365 | 63,281,858 | 707,065,223 | 0.6770 |
| 2020 | 2021 | 654,217,997 | 63,761,599 | 717,979,596 | 0.7300 |
| 2021 | 2022 | 670,712,119 | 67,909,210 | 738,621,329 | 0.7300 |

Note: Above assessed values reflected are before allowable exemptions are applied. Tax rates are per \$1,000 of assessed value.

* Taxes assess on October 1 of each year based on January 1 valuations.

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

Exhibit C-3

| Fiscal Year | City of Pampa Direct Rates | | | | Overlapping Rates* | |
|--------------------|-----------------------------------|---------------------|----------------------------|---------------------|--|--------------------|
| | General Maintenance | Debt Service | Library Maintenance | Total Direct | Pampa Independent School District | Gray County |
| 2013 | 0.498846 | 0.092181 | 0.030000 | 0.621027 | 1.309 | 0.497336 |
| 2014 | 0.504186 | 0.086841 | 0.030000 | 0.621027 | 1.309 | 0.497861 |
| 2015 | 0.477337 | 0.113690 | 0.030000 | 0.621027 | 1.309 | 0.487297 |
| 2016 | 0.520833 | 0.106342 | 0.030000 | 0.657175 | 1.309 | 0.535768 |
| 2017 | 0.541500 | 0.105500 | 0.030000 | 0.677000 | 1.309 | 0.638910 |
| 2018 | 0.532808 | 0.114192 | 0.030000 | 0.677000 | 1.309 | 0.649725 |
| 2019 | 0.531211 | 0.115789 | 0.030000 | 0.677000 | 1.325 | 0.653705 |
| 2020 | 0.533308 | 0.166692 | 0.030000 | 0.730000 | 1.255 | 0.653850 |
| 2021 | 0.513937 | 0.186063 | 0.030000 | 0.730000 | 1.241 | 0.650860 |
| 2022 | 0.511662 | 0.188338 | 0.030000 | 0.730000 | 1.238 | 0.661060 |

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

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

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

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

Exhibit C-4

| Taxpayer | 2022 | | | 2013 | | |
|-----------------------------|----------------------------|------|---|----------------------------|------|---|
| | Taxable Assessed Valuation | Rank | Percentage of Total City Taxable Assessed Value | Taxable Assessed Valuation | Rank | Percentage of Total City Taxable Assessed Value |
| Southwestern Public Serv | \$ 14,354,830 | 1 | 1.94% | \$ 6,763,210 | 4 | 1.10% |
| Atmos Energy | 11,193,160 | 2 | 1.52% | 3,070,590 | 9 | 0.50% |
| Wal-Mart Stores Inc | 8,416,940 | 3 | 1.14% | 8,246,950 | 2 | 1.35% |
| BNSF Railway Co | 7,243,460 | 4 | 0.98% | 3,876,010 | 6 | 0.63% |
| J&M Bagwell Properties, LLC | 4,887,990 | 5 | 0.66% | 3,171,835 | 8 | 0.52% |
| 805 Hobart, LLC | 4,470,630 | 6 | 0.61% | - | - | - |
| Wal-Mart/Sams Club | 4,215,560 | 7 | 0.57% | 7,359,144 | 3 | 1.20% |
| TNT Crane & Rigging, Inc | 4,023,486 | 8 | 0.54% | - | - | - |
| Jamal Enterprises LP | 3,738,020 | 9 | 0.51% | - | - | - |
| Country II Inc | 3,166,200 | 10 | 0.43% | - | - | - |
| Signature Pampa Hospital | - | - | - | 9,570,378 | 1 | 1.56% |
| Hughes Christensen | - | - | - | 2,997,501 | 10 | 0.49% |
| Flogistix LP | - | - | - | 4,597,544 | 5 | 0.75% |
| Protea Hospitality | - | - | - | 3,451,950 | 7 | 0.56% |
| Total | \$ 65,710,276 | | 8.90% | \$ 53,105,112 | | 8.66% |

Source: Gray County Appraisal District

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

| Fiscal Year Ended September 30 | Total Tax Levy | Collected within the Fiscal Year of the Levy | |
|---|-------------------------------|---|-------------------------------|
| | | Amount Collected | Percentage of Levy |
| 2013 | \$ 3,625,725 | \$ 3,499,843 | 96.5% |
| 2014 | 3,911,367 | 3,707,585 | 94.8% |
| 2015 | 3,878,782 | 3,751,424 | 96.7% |
| 2016 | 4,139,030 | 4,017,949 | 97.1% |
| 2017 | 4,238,318 | 4,058,862 | 95.8% |
| 2018 | 4,169,709 | 4,010,867 | 96.2% |
| 2019 | 4,201,155 | 4,042,727 | 96.2% |
| 2020 | 4,623,552 | 4,407,721 | 95.3% |
| 2021 | 4,640,895 | 4,439,179 | 95.7% |
| 2022 | 4,735,483 | 4,553,428 | 96.2% |

Source: Gray County Tax Office

Exhibit C-5

| Total Collections to Date | | | | |
|----------------------------------|-------------------------|----|------------------|-------------------|
| | Collections in | | Total | Percentage |
| | Subsequent Years | | Collected | of Levy |
| \$ | 116,881 | \$ | 3,616,724 | 99.8% |
| | 187,677 | | 3,895,262 | 99.6% |
| | 110,837 | | 3,862,261 | 99.6% |
| | 108,989 | | 4,126,938 | 99.7% |
| | 163,207 | | 4,222,069 | 99.6% |
| | 137,440 | | 4,148,307 | 99.5% |
| | 134,997 | | 4,177,724 | 99.4% |
| | 146,353 | | 4,554,074 | 98.5% |
| | 112,287 | | 4,551,466 | 98.1% |
| | - | | 4,553,428 | 96.2% |

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

| Fiscal Year | Governmental Activities | | | Business-type | |
|--------------------|-------------------------------------|-----------------|---------------|---|------------------------------|
| | General Obligation Bonds (1) | Tax Note | Leases | Revenue Bonds & Certificates of Obligation | CRMWA Obligations (1) |
| 2013 | \$ 5,573,122 | \$ - | \$ 63,443 | \$ 12,751,880 | \$ 8,269,063 |
| 2014 | 5,225,379 | - | 33,824 | 11,784,624 | 7,804,417 |
| 2015 | 7,803,788 | - | 134,707 | 7,941,226 | 7,122,720 |
| 2016 | 7,382,606 | - | 91,214 | 7,002,394 | 6,646,000 |
| 2017 | 7,193,841 | - | 627,040 | 6,961,159 | 6,134,581 |
| 2018 | 6,815,885 | - | 461,472 | 6,427,202 | 5,824,384 |
| 2019 | 6,255,160 | 2,185,000 | 350,507 | 5,749,711 | 5,319,658 |
| 2020 | 8,633,738 | 1,880,000 | 236,557 | 6,693,036 | 4,780,861 |
| 2021 | 7,958,616 | 1,580,000 | 251,439 | 5,955,000 | 4,137,528 |
| 2022 | 7,275,612 | 1,275,000 | 496,839 | 5,230,000 | 3,504,119 |

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 164

(3) Source: United States Census

2010 Census Population: 17,994

2020 Census Population: 16,776

Exhibit D-1

| <u>Activities</u> | | | | |
|-------------------|----|-------------------|-------------------|-------------------|
| | | Total | Percentage | |
| | | Primary | of | |
| | | Government | Personal | Per |
| <u>Leases</u> | | | Income (2) | <u>Capita (3)</u> |
| \$ 392,226 | \$ | 27,049,734 | 5.61% | \$ 1,503 |
| 241,566 | | 25,089,810 | 5.01% | 1,394 |
| 84,937 | | 23,087,378 | 4.50% | 1,283 |
| 134,392 | | 21,256,606 | 4.25% | 1,181 |
| 267,044 | | 21,183,665 | 4.16% | 1,177 |
| 202,694 | | 19,731,637 | 4.22% | 1,097 |
| 373,037 | | 20,233,073 | 4.20% | 1,124 |
| 281,978 | | 22,506,170 | 4.66% | 1,342 |
| 196,040 | | 20,078,623 | 4.20% | 1,197 |
| 102,048 | | 17,883,618 | 3.41% | 1,066 |

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

Exhibit D-2

| Fiscal Year | General Obligation Bonds (1) | Resources Restricted for paying Debt Service | Net General Obligation Bonds Outstanding | Assessed Taxable Value | Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value | Net General Obligation Bonds Outstanding Per Capita |
|--------------------|-------------------------------------|---|---|-------------------------------|--|--|
| 2013 | \$ 5,573,122 | \$ 26,960 | \$ 5,546,162 | \$ 620,997,450 | 0.89% | \$ 308 |
| 2014 | 5,225,379 | 149,430 | 5,075,949 | 668,602,780 | 0.76% | 282 |
| 2015 | 7,803,778 | 189,637 | 7,614,141 | 693,963,800 | 1.10% | 423 |
| 2016 | 7,382,606 | 191,919 | 7,190,687 | 695,586,560 | 1.03% | 400 |
| 2017 | 7,193,841 | 198,384 | 6,995,457 | 682,053,320 | 1.03% | 389 |
| 2018 | 6,815,885 | 193,882 | 6,622,003 | 680,569,155 | 0.97% | 368 |
| 2019 | 6,255,160 | 176,500 | 6,078,660 | 707,596,682 | 0.86% | 338 |
| 2020 | 8,633,738 | 130,122 | 8,503,616 | 707,065,223 | 1.20% | 507 |
| 2021 | 7,958,616 | 98,488 | 7,860,128 | 717,979,596 | 1.09% | 469 |
| 2022 | 7,275,612 | 125,616 | 7,149,996 | 738,621,329 | 0.97% | 426 |

(1) Presented net of original issuance discounts and premiums

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

See Exhibit C-2 for property value data and Exhibit D-1 for population data.

City of Pampa, Texas
Direct and Overlapping Governmental Activities Debt
September 30, 2022

Exhibit D-3

| | <u>Debt Outstanding</u> | <u>Estimated Percent Applicable*</u> | <u>Applicable Debt Outstanding</u> |
|-----------------------------------|-----------------------------|--|--|
| Pampa Independent School District | \$ 45,424,090 | 49% | \$ 22,257,804 |
| Gray County | - | 0% | - |
| Total overlapping debt | | | 22,257,804 |
| City of Pampa | | | <u>9,047,451</u> |
| Total direct and overlapping debt | | | <u>\$ 31,305,255</u> |

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

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

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

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

| | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Assessed value, before exemptions | \$ <u>620,997,450</u> | \$ <u>668,602,780</u> | \$ <u>693,963,800</u> | \$ <u>695,586,560</u> |
| Legal debt limit (10% of assessed value, before exemptions) | \$ <u>62,099,745</u> | \$ <u>66,860,278</u> | \$ <u>69,396,380</u> | \$ <u>69,558,656</u> |
| General obligation bonds | \$ 5,573,122 | \$ 5,225,379 | \$ 7,803,778 | \$ 7,382,606 |
| Tax note | - | - | - | - |
| Less: Resources restricted for paying debt service | <u>26,960</u> | <u>149,430</u> | <u>189,637</u> | <u>191,919</u> |
| Total net general obligation debt outstanding applicable to the limit | \$ <u>5,546,162</u> | \$ <u>5,075,949</u> | \$ <u>7,614,141</u> | \$ <u>7,190,687</u> |
| Computation of legal debt margin: | | | | |
| Legal debt limit | \$ 62,099,745 | \$ 66,860,278 | \$ 69,396,380 | \$ 69,558,656 |
| Less: Net general obligation debt outstanding | <u>5,546,162</u> | <u>5,075,949</u> | <u>7,614,141</u> | <u>7,190,687</u> |
| Legal debt margin | \$ <u>56,553,583</u> | \$ <u>61,784,329</u> | \$ <u>61,782,239</u> | \$ <u>62,367,969</u> |
| Total net debt applicable to the limit as a percentage of debt limit | <u>8.93%</u> | <u>7.59%</u> | <u>10.97%</u> | <u>10.34%</u> |

Exhibit D-4

| <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ <u>682,053,320</u> | \$ <u>680,569,155</u> | \$ <u>707,596,682</u> | \$ <u>707,065,223</u> | \$ <u>717,979,596</u> | \$ <u>738,621,329</u> |
| \$ <u>68,205,332</u> | \$ <u>68,056,916</u> | \$ <u>70,759,668</u> | \$ <u>70,706,522</u> | \$ <u>71,797,960</u> | \$ <u>73,862,133</u> |
| \$ 7,271,258 | \$ 6,742,800 | \$ 6,190,231 | \$ 8,576,966 | \$ 7,910,000 | \$ 7,055,000 |
| - | - | 2,185,000 | 1,880,000 | 1,580,000 | 1,275,000 |
| <u>198,384</u> | <u>193,882</u> | <u>176,500</u> | <u>130,122</u> | <u>98,488</u> | <u>125,616</u> |
| \$ <u>7,072,874</u> | \$ <u>6,548,918</u> | \$ <u>8,198,731</u> | \$ <u>10,326,844</u> | \$ <u>9,391,512</u> | \$ <u>8,204,384</u> |
| \$ 68,205,332 | \$ 68,056,916 | \$ 70,759,668 | \$ 70,706,522 | \$ 71,797,960 | \$ 73,862,133 |
| <u>7,072,874</u> | <u>6,548,918</u> | <u>8,198,731</u> | <u>10,326,844</u> | <u>9,391,512</u> | <u>8,204,384</u> |
| \$ <u>61,132,458</u> | \$ <u>61,507,998</u> | \$ <u>62,560,937</u> | \$ <u>60,379,678</u> | \$ <u>62,406,448</u> | \$ <u>65,657,749</u> |
| <u>10.37%</u> | <u>9.62%</u> | <u>11.59%</u> | <u>14.61%</u> | <u>13.08%</u> | <u>11.11%</u> |

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

| <u>Fiscal Year</u> | <u>Gross Revenues (1)</u> | <u>Operating Expenses Before Debt Service (2)</u> | <u>Net Revenues Available for Debt Service</u> |
|--------------------------------------|---------------------------|---|--|
| <u>Water & Sewer Fund</u> | | | |
| 2013 | \$ 8,156,934 | \$ 4,760,391 | \$ 3,396,543 |
| 2014 | 8,078,657 | 4,760,904 | 3,317,753 |
| 2015 | 8,001,551 | 5,040,710 | 2,960,841 |
| 2016 | 8,300,829 | 5,092,949 | 3,207,880 |
| 2017 | 8,048,243 | 5,005,295 | 3,042,948 |
| 2018 | 8,052,150 | 4,897,918 | 3,154,232 |
| 2019 | 8,144,867 | 5,000,170 | 3,144,697 |
| 2020 | 8,434,556 | 5,169,252 | 3,265,304 |
| 2021 | 7,991,542 | 4,999,342 | 2,992,200 |
| 2022 | 8,635,185 | 5,161,676 | 3,473,509 |
| <u>Solid Waste Fund</u> | | | |
| 2013 | \$ 1,957,315 | \$ 1,127,579 | \$ 829,736 |
| 2014 | 2,145,923 | 989,975 | 1,155,948 |
| 2015 | 2,055,526 | 903,316 | 1,152,210 |
| 2016 | 2,144,893 | 1,003,605 | 1,141,288 |
| 2017 | 2,091,636 | 1,188,033 | 903,603 |
| 2018 | 2,015,951 | 1,106,464 | 909,487 |
| 2019 | 2,053,745 | 1,190,903 | 862,842 |
| 2020 | 2,012,101 | 1,269,543 | 742,558 |
| 2021 | 2,011,460 | 1,323,142 | 688,318 |
| 2022 | 2,028,581 | 1,515,376 | 513,205 |

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

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

Exhibit D-5 (continued)

| | Debt Service | | | Times Coverage |
|----|--------------|------------|------------|----------------|
| | Principal | Interest | Total | |
| \$ | 739,375 | \$ 251,078 | \$ 990,453 | 3.4 |
| | 747,259 | 235,283 | 982,542 | 3.4 |
| | 734,246 | 215,364 | 949,610 | 3.1 |
| | 714,626 | 189,102 | 903,728 | 3.5 |
| | 226,585 | 228,963 | 455,548 | 6.7 |
| | 305,975 | 147,019 | 452,994 | 7.0 |
| | 368,163 | 81,190 | 449,353 | 7.0 |
| | 381,627 | 67,952 | 449,579 | 7.3 |
| | 399,396 | 98,666 | 498,062 | 6.0 |
| | 415,000 | 81,387 | 496,387 | 7.0 |
| \$ | 173,064 | \$ 193,135 | \$ 366,199 | 2.3 |
| | 186,595 | 187,158 | 373,753 | 3.1 |
| | 190,726 | 160,881 | 351,607 | 3.3 |
| | 223,058 | 141,978 | 365,036 | 3.1 |
| | 193,419 | 229,419 | 422,838 | 2.1 |
| | 220,689 | 150,974 | 371,663 | 2.4 |
| | 301,546 | 69,858 | 371,404 | 2.3 |
| | 315,109 | 61,516 | 376,625 | 2.0 |
| | 318,639 | 53,156 | 371,795 | 1.9 |
| | 290,000 | 43,977 | 333,977 | 1.5 |

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

| <u>Fiscal Year</u> | <u>Gross Revenues (1)</u> | <u>Operating Expenses Before Debt Service (2)</u> | <u>Net Revenues Available for Debt Service</u> |
|-------------------------------------|---------------------------|---|--|
| <u>Municipal Golf Course</u> | | | |
| 2013 | \$ 372,558 | \$ 397,869 | \$ (25,311) |
| 2014 | 338,287 | 400,040 | (61,753) |
| 2015 | 362,709 | 384,810 | (22,101) |
| 2016 | 322,265 | 390,523 | (68,258) |
| 2017 | 317,052 | 390,514 | (73,462) |
| 2018 | 347,476 | 402,902 | (55,426) |
| 2019 | 343,411 | 449,255 | (105,844) |
| 2020 | 350,211 | 471,730 | (121,519) |
| 2021 | 361,659 | 484,660 | (123,001) |
| 2022 | 417,266 | 550,289 | (133,023) |
| <u>Aquatics Center (3)</u> | | | |
| 2013 | \$ 326,922 | \$ 306,707 | \$ 20,215 |
| 2014 | 310,010 | 284,358 | 25,652 |

- Note: (1) Total revenue including interest, miscellaneous, and sales of materials and equipment.
(2) Expenses before debt service include total operating expenses exclusive of depreciation, amortization, interest, and fiscal charges.
(3) During FY2015, the outstanding debt held in the aquatics center was transferred to the governmental activities, therefore only years with applicable debt service requirements are included.

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

Exhibit D-5 (continued)

| | | Debt Service | | | | Times |
|----|--------|---------------------|-----------------|--------------|---------|-----------------|
| | | Principal | Interest | Total | | Coverage |
| \$ | 1,144 | \$ | 2,241 | \$ | 3,385 | -7.5 |
| | 1,144 | | 2,201 | | 3,345 | -18.5 |
| | 1,144 | | 2,161 | | 3,305 | -6.7 |
| | 1,144 | | 2,121 | | 3,265 | -20.9 |
| | 7,150 | | 2,081 | | 9,231 | -8.0 |
| | 7,293 | | 1,104 | | 8,397 | -6.6 |
| | 7,722 | | 951 | | 8,673 | -12.2 |
| | 10,000 | | 620 | | 10,620 | -11.4 |
| | 20,000 | | 4,416 | | 24,416 | -5.0 |
| | 20,000 | | 3,305 | | 23,305 | -5.7 |
| | | | | | | |
| \$ | 30,560 | \$ | 128,106 | \$ | 158,666 | 0.1 |
| | 32,258 | | 127,113 | | 159,371 | 0.2 |

City of Pampa, Texas
Demographic and Economic Statistics
Last Ten Calendar Years

Exhibit E-1

| <u>Year</u> | <u>* Population</u> | <u>Personal Income (in thousands)</u> | <u>Per Capita Personal Income</u> | <u>Median Age</u> | <u>School Enrollment</u> | <u>Unemployment Rate</u> |
|-------------|---------------------|---------------------------------------|-----------------------------------|-------------------|--------------------------|--------------------------|
| 2022 | 21,030 | \$ 523,805 | \$ 24,908 | 38.0 | 3,460 | 4.5% |
| 2021 | 21,227 | 478,573 | 22,545 | 38.1 | 3,506 | 5.3% |
| 2020 | 21,886 | 482,882 | 22,064 | 37.7 | 3,558 | 3.6% |
| 2019 | 21,895 | 481,712 | 22,001 | 37.4 | 3,536 | 3.9% |
| 2018 | 22,404 | 468,031 | 20,891 | 38.0 | 3,522 | 3.5% |
| 2017 | 22,725 | 509,245 | 22,409 | 37.0 | 3,645 | 4.5% |
| 2016 | 23,210 | 500,292 | 21,555 | 37.0 | 3,645 | 6.2% |
| 2015 | 23,044 | 513,536 | 22,285 | 37.7 | 3,838 | 5.9% |
| 2014 | 23,043 | 500,908 | 21,738 | 38.0 | 3,706 | 2.8% |
| 2013 | 22,975 | 482,268 | 20,991 | 38.4 | 3,619 | 4.1% |

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

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

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

Exhibit E-2

| Employer | 2013 | | 2022 | | Percentage of Total City Employment |
|--------------------------------------|----------------------------|-------------|----------------------------|-------------|--|
| | Number of Employees | Rank | Number of Employees | Rank | |
| Pampa Independent School District | 513 | 1 | 544 | 1 | 9.35% |
| Texas Department of Criminal Justice | 250 | 4 | 256 | 2 | 4.40% |
| Hunting Titan | 260 | 3 | 247 | 3 | 4.24% |
| Wal-Mart | 240 | 6 | 234 | 4 | 4.02% |
| Pampa Regional Medical Center | 311 | 2 | 222 | 5 | 3.82% |
| City of Pampa | 155 | 8 | 167 | 6 | 2.87% |
| SWM International | - | - | 144 | 7 | 2.47% |
| United | - | - | 132 | 8 | 2.27% |
| Cabot Corporation | 120 | 10 | 129 | 9 | 2.22% |
| Gray County | 124 | 9 | 121 | 10 | 2.08% |
| National Oilwell Varco | 246 | 5 | - | - | - |
| Halliburton | 155 | 7 | - | - | - |
| | <u>2,374</u> | | <u>2,196</u> | | <u>37.74%</u> |

Source: Pampa Chamber of Commerce

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

Exhibit F-1

| <u>FUNCTION/PROGRAM</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GENERAL FUND | | | | | | | | | | |
| Administrative Services | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Financial Services | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 5 |
| Municipal Court | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 2 | 2 | 2 |
| Police Services: | | | | | | | | | | |
| Officers | 30 | 30 | 30 | 30 | 30 | 30 | 28 | 28 | 27 | 25 |
| Civilians | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 4 |
| Fire: | | | | | | | | | | |
| Firefighters & officers | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 | 28 |
| Planning & Engineering | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Street & Traffic Control | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 9 | 17 | 17 |
| Parks Department | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 7 | 0 | 0 |
| Recreation Department | 1 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |
| Buildings & Grounds | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 2 | 2 | 1 |
| Community Services | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Code Enforcement | 5 | 3 | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 |
| Animal Control | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 5 | 4 |
| Dispatching Services | 11 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 |
| Emergency Management | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Data Processing | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 |
| Solid Waste Collection | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 8 | 7 | 7 |
| SPECIAL REVENUE FUNDS | | | | | | | | | | |
| M.K. Brown Auditorium | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 1 | 1 | 1 |
| Lovett Memorial Library | 4 | 4 | 4 | 4 | 6 | 6 | 6 | 6 | 7 | 7 |
| ENTERPRISE FUNDS | | | | | | | | | | |
| Municipal Utilities | 8 | 9 | 9 | 9 | 9 | 10 | 10 | 10 | 10 | 10 |
| Water Distribution | 9 | 9 | 9 | 8 | 9 | 9 | 9 | 9 | 9 | 9 |
| Wastewater Collection | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 | 7 | 5 |
| Landfill Composting | 3 | 2 | 2 | 2 | 1 | 1 | 1 | 1 | 1 | 0 |
| Solid Waste Landfill | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 7 |
| Golf Course | 3 | 3 | 3 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| TOTAL | 167 | 163 | 164 | 159 | 162 | 163 | 163 | 164 | 159 | 155 |

Source: Various City Departments

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

Exhibit F-2

| <u>Function/Program</u> | <u>Fiscal Year</u> | | | | | | | | | |
|---|--------------------|---------|---------|--------|--------|--------|--------|--------|---------|---------|
| | 2022 | 2021 | 2020 | 2019 | 2018 | 2017 | 2016 | 2015 | 2014 | 2013 |
| Police | | | | | | | | | | |
| Physical arrests | 631 | 608 | 711 | 1,049 | 539 | 1,086 | 744 | 687 | 653 | 964 |
| Parking violations | 22 | 9 | 20 | 34 | 2 | 39 | 18 | 19 | 33 | 95 |
| Traffic violations | 5,508 | 3,800 | 4,973 | 6,561 | 9,435 | 9,343 | 5,035 | 4,146 | 1,717 | 6,406 |
| Fire | | | | | | | | | | |
| Emergency responses | 1,720 | 2,048 | 1,763 | 1,803 | 1,676 | 1,628 | 1,642 | 1,615 | 1,657 | 1,326 |
| Fires extinguished | 152 | 120 | 114 | 97 | 115 | 109 | 102 | 75 | 105 | 97 |
| Inspections | 57 | 58 | 39 | 51 | 80 | 59 | 94 | 60 | 48 | 62 |
| Refuse Collection | | | | | | | | | | |
| Refuse collected (tons per day) | 52 | 51 | 70 | 63 | 65 | 70 | 71 | 74 | 72 | 55 |
| Number of customers | 7,135 | 7,103 | 7,081 | 7,097 | 7,148 | 7,217 | 7,358 | 7,474 | 7,538 | 7,523 |
| Other Public Works | | | | | | | | | | |
| Street resurfacing (sq. yards) | 100 | 362,487 | 120,500 | 2,930 | - | - | - | - | 219,813 | 200,853 |
| Potholes repaired | 3,220 | 1,469 | 415 | 1,944 | 1,187 | 1,139 | 941 | 1,161 | 969 | 1,214 |
| Parks and Recreation | | | | | | | | | | |
| Number of City parks | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 | 41 |
| Acres maintained | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 |
| Number of softball leagues | 3 | 2 | 2 | 4 | 4 | 3 | 4 | 4 | 4 | 15 |
| Number of volleyball leagues | 2 | 2 | 2 | 4 | 4 | 5 | 6 | 6 | 6 | 9 |
| Number of kickball leagues | 2 | - | - | - | - | 2 | 3 | 3 | 3 | 4 |
| Number of cornhole leagues | 1 | 1 | 1 | 1 | 2 | 2 | 2 | 2 | 2 | - |
| Library | | | | | | | | | | |
| Volumes in collection | 53,837 | 50,858 | 45,006 | 42,606 | 40,479 | 51,528 | 50,134 | 48,804 | 44,626 | 57,147 |
| Total volumes borrowed | 236 | 311 | 453 | 314 | 370 | 436 | 476 | 426 | 426 | 336 |
| Water | | | | | | | | | | |
| Number of customers | 7,913 | 7,862 | 7,840 | 7,848 | 7,894 | 7,963 | 8,119 | 8,268 | 8,307 | 8,312 |
| Average daily consumption (thousands of gallons) | 2,129 | 2,176 | 2,234 | 1,956 | 2,174 | 2,213 | 2,219 | 2,158 | 2,500 | 2,556 |
| Wastewater | | | | | | | | | | |
| Number of customers | 7,257 | 7,226 | 7,211 | 7,213 | 7,252 | 7,318 | 7,463 | 7,590 | 7,621 | 7,633 |
| City Landfill | | | | | | | | | | |
| Solid waste collected (tons/day) | 169 | 148 | 163 | 167 | 168 | 173 | 175 | 176 | 193 | 176 |
| Memorial Civic Center | | | | | | | | | | |
| Auditorium rentals | 81 | 80 | 40 | 100 | 102 | 99 | 102 | 96 | 99 | 105 |
| Aquatic Center | | | | | | | | | | |
| Total attendance | 26,739 | 10,895 | 12,838 | 27,643 | 27,735 | 35,232 | 47,567 | 39,881 | 34,735 | 36,455 |
| Days open | 74 | 46 | 42 | 88 | 88 | 87 | 96 | 92 | 80 | 84 |

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>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> | <u>2013</u> |
|--------------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| 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 | 7 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 |
| Other Public Works | | | | | | | | | | |
| Streets (miles) | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 | 15.9 |
| Street lights | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 | 1,460 |
| Traffic signals | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 | 12 |
| Parks and Recreation | | | | | | | | | | |
| Acreage | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 | 332 |
| Playgrounds | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 | 39 |
| Baseball/softball diamonds | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 | 13 |
| Community Center | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Jogging trails (miles) | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 | 3.5 |
| Water | | | | | | | | | | |
| Water mains (miles) | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 | 160.5 |
| Fire hydrants | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 | 600 |
| Storage capacity (million gallons) | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 | 6.7 |
| Wastewater | | | | | | | | | | |
| Sanitary sewers | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 | 115 |
| Treatment capacity (million gallons) | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Golf Courses | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 |

Source: Various City Departments

**INTERNAL CONTROL
AND
COMPLIANCE REQUIREMENTS**

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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 Lance DeFever and the City Commission City of Pampa, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 27, 2023. Our report includes a reference to other auditors who audited the financial statements of the Pampa Economic Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Honorable Mayor Lance DeFever and the City Commission
City of Pampa, Texas
Page two

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

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

Brown, Graham & Company, P.C.

Amarillo, Texas
March 27, 2023

**CITY OF PAMPA, TEXAS
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

I. Summary of the Auditor's Results:

- a. The type of report issued on the financial statements of the City of Pampa, Texas is an unmodified opinion.
- b. No control deficiencies, significant deficiencies, or material weaknesses in internal control were disclosed by the audit of the basic financial statements.
- c. Noncompliance which is material to the financial statements: None.

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

The audit disclosed no findings required to be reported.

**CITY OF PAMPA, TEXAS
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022**

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