

**CITY OF PAMPA, TEXAS**

**COMPREHENSIVE ANNUAL  
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED  
SEPTEMBER 30, 2010**

Prepared by  
Department of Finance

**CITY OF PAMPA, TEXAS  
 COMPREHENSIVE ANNUAL FINANCIAL REPORT  
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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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 22, 2011

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Pampa for the fiscal year ended September 30, 2010.

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

The City of Pampa's financial statements have been audited by Brown, Graham and Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pampa for the fiscal year ended September 30, 2010, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of Pampa's financial statements for the fiscal year ended September 30, 2010, 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.



## **Profile of the Government**

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 17,994. The City of Pampa is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

## **Factors Affecting Financial Condition**

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

**Local economy.** The City of Pampa has a diverse industrial base. The industries in the area include oil and gas production, various petroleum-based industries, cattle, and grain production. There are specialized chemical and carbon black plants as well as a carbon black research and development facility. There is also a state prison located one and one-half miles east of the City. The total labor force in Gray County is 11,452. The unemployment rate has decreased from 7.7% in March, 2010 to 7.2% as of January, 2011.

**Long-term financial planning.** With the economic downturn experienced by the nation, the City has seen a decrease in the growth it had been experiencing over the past few years. Budgeting has been adjusted to accommodate a decrease in population and sales tax revenue. Certificates of obligation were issued in 2008 and 2009 to provide for infrastructure, expansion of the landfill facility, and for the construction of a family aquatics center. The aquatics center has been planned for about three years and will begin operation in the summer of 2011. Current plans include closing the existing pool and transferring that staff and budget to the new center.

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

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

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

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

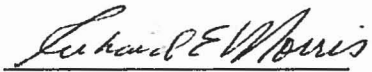
### **Awards and Acknowledgments**

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pampa for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2009. This was the 22<sup>nd</sup> consecutive year that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

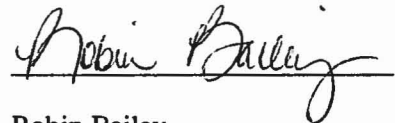
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Richard Morris  
City Manager



Robin Bailey  
Director of Finance

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pampa  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

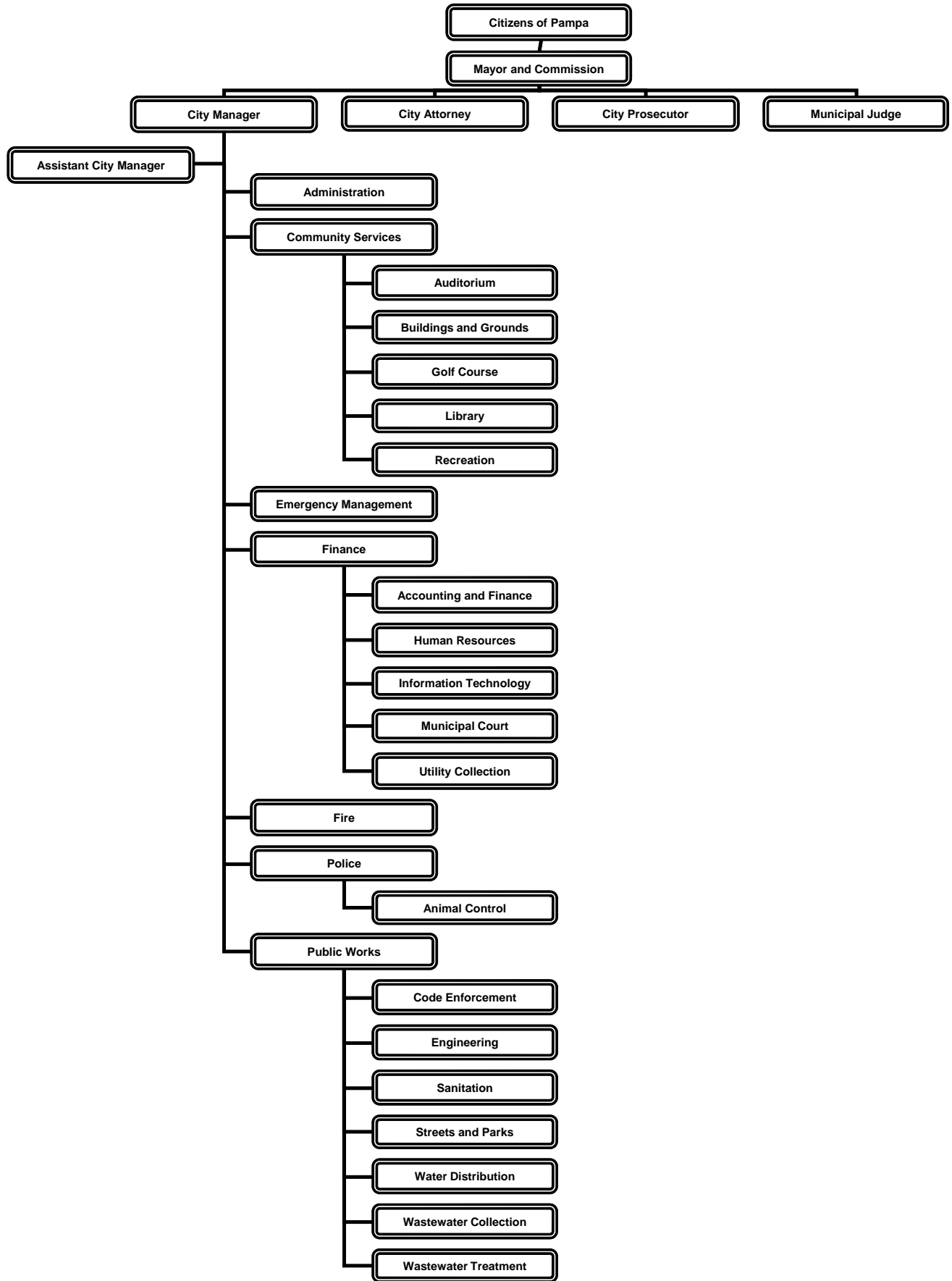
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards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



President

Executive Director

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**CITY OF PAMPA, TEXAS**

**LIST OF ELECTED AND APPOINTED OFFICIALS**

**GOVERNING BODY:**

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

**OTHER PRINCIPAL OFFICIALS:**

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



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**FINANCIAL SECTION**

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## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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

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

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas, as of September 30, 2010, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 22, 2011, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

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**Honorable Mayor Lonny Robbins and  
City Commission**

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

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

*Braun, Abraham & Company, P.C.*

Amarillo, Texas  
March 22, 2011

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

## Management's Discussion and Analysis

As management of the City of Pampa, we offer readers of the City of Pampa's financial statements this narrative overview and analysis of the financial activities of the City of Pampa for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. Comparable totals on changes in net assets and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2009, as well.

### Financial Highlights

- The assets of the City of Pampa exceeded its liabilities at the close of the most recent fiscal year by \$23,427,132 (*net assets*). Of this amount, \$3,847,030 (*unrestricted net assets*) may be used to meet the government's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$5,162,427. Approximately 86% of this total amount, \$4,432,434 is *available for spending* at the government's discretion.
- At the end of the current fiscal year, unreserved fund balance for the general fund was \$3,622,291 or 34% of total general fund expenditures.

### Overview of the Financial Statements

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

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

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



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

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

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

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

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

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

The City of Pampa maintains eight individual governmental funds. Information is presented separately in the governmental funds' balance sheet and in the governmental funds' statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, and the capital projects fund, all of which are considered to be major funds.

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

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

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

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

management, an aquatics center currently under construction, municipal golf course, and leased properties. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City of Pampa's various functions. The City of Pampa uses an internal service fund to account for its dental benefits. Because these services predominantly benefit governmental rather than business-type functions, they have been included within *governmental activities* in the government-wide financial statements.

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

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

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

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

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

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

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

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

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City of Pampa, assets exceeded liabilities by \$23,427,132 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net assets (70%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Pampa uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending. Although the City of Pampa's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

In comparison with the fiscal year ended September 30, 2009, the current year shows a decline in net assets in the governmental activities and an increase in net assets in the business-type activities. Governmental activities decreased the City of Pampa's net assets by \$820,731, or 7% from the prior year. This decrease is primarily due to the use of funds that were restricted for debt service and reducing the amount on hand at the end of the year for future debt service. There was an increase of \$940,452 or 8% in net assets in the business-type activities as compared to the prior fiscal year, with the largest amount, \$771,484, coming from the Water and Sewer System. Water rates were increased and increases in expenditures were kept to a minimum, as well as a significant amount of transfers in were made to be used for debt service.

An additional portion of the City of Pampa's net assets (14%) represents resources subject to external restrictions on how they may be used. The remaining balance of *unrestricted net assets* \$3,847,030 may be used to meet the government's ongoing obligations to citizens and creditors. This represents a 1% increase compared to the prior year which is due to restricted proceeds for capital acquisition.

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

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

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

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

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unreserved fund balance of the general fund was \$3,622,291, while total fund balance reached \$3,944,988. These increases are due primarily to increased revenues and decreased expenditures. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 34% of total general fund expenditures, while total fund balance represents 37% of that same amount. The City's general fund liquidity ratios increased less than 1% this year. Unreserved fund balance has remained relatively constant, due mainly to increasing property tax revenue offset by the decline in sales tax revenue.

The capital projects fund balance changed very little during the year. Those funds are to be used in FY 2010-2011. There was little change in the other governmental funds as well.

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

In the current year, the City began construction on a new Family Aquatics Center. Planning for the facility began in 2008-09, with construction expected to be completed in 2011, and planned opening for summer of 2011. The City issued Certificates of Obligation to fund the planning and construction of the aquatics center.

Unrestricted net assets in the Water and Sewer System Fund at the end of the year amounted to \$1,363,588; those for the Solid Waste Management Fund amounted to (\$1,567,879); those for the Aquatics Center amounted to \$55,577; those for the Municipal Golf Course amounted to (\$167,472); and those for the Lease Properties Fund amounted to \$(18,911). Rates were increased to help to increase fund balance in Water and Sewer, as well as Solid Waste, but significant accounting estimates for closure and post-closure costs and related amortization offset the rate increases. There was some increase in the Aquatics Center fund, due to grants and donations, while cash was put into construction in progress. The Golf fund had a disappointing year, with revenues being down, partly due to weather conditions.

### **General Fund Budgetary Highlights**

During the year, there was a \$210,470 increase in appropriations between the original budget and the final amended budget. Actual appropriations exceeded the final budget by \$133,444. Sales tax revenue exceeded the budget by \$103,194 and other tax revenue was \$77,960 over budget. Property tax revenue fell short \$47,451 and fines were down by \$37,740. In addition to these, other smaller variances resulted in the overall appropriation excess of \$133,444 or 1.2%. The overall excess can be attributed to an improved economic condition of the area. Sales and other taxes were up on a regional as well as state level. The property tax revenue was budgeted too high, based on an early estimate of the revenue generated from properties under a tax ceiling. Fines were down due to a decreased number of citations issued, and the increase in cases being given community service in lieu of fines.

### **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, 2010 amounted to \$33,628,862, net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$606,510. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets.

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

*Long-term Debt.* At the end of the current fiscal year, the City of Pampa had total bonded debt outstanding of \$24,791,382. Of this amount, \$3,766,207 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa's debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa's overall long-term debt decreased by \$355,360 as compared to the prior year. Additional information concerning long-term debt is located in Note 8 to the Notes to the Financial Statements, on pages 75-84.

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

The City of Pampa's unemployment rate, currently 7.2% as of January, 2011, continues to be lower than the State (8.3) and National (7.6) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa's budget for the 2010-11 fiscal year.

### **Requests for Information**

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

**CITY OF PAMPA'S NET ASSETS**

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>
Current and other assets	\$ 5,769,457	\$ 12,379,608	\$ 18,149,065
Capital assets	9,997,557	23,631,305	33,628,862
Total assets	<u>15,767,014</u>	<u>36,010,913</u>	<u>51,777,927</u>
Long-term liabilities outstanding	3,898,158	22,610,138	26,508,296
Other liabilities	513,796	1,328,703	1,842,499
Total liabilities	<u>4,411,954</u>	<u>23,938,841</u>	<u>28,350,795</u>
Net assets:			
Invested in capital assets, net of related debt	6,501,325	9,896,072	16,397,397
Restricted	671,607	2,511,098	3,182,705
Unrestricted	4,182,128	(335,098)	3,847,030
Total net assets	<u>\$ 11,355,060</u>	<u>\$ 12,072,072</u>	<u>\$ 23,427,132</u>

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

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>
Land	\$ 210,849	\$ 788,941	\$ 999,790
Collection	203,500	-	203,500
Water rights	-	3,912,878	3,912,878
Buildings and improvements	4,361,168	12,335,313	16,696,481
Vehicles and equipment	3,531,380	2,008,691	5,540,071
Surface water supply contracts	-	2,741,522	2,741,522
Roads	1,463,158	38,546	1,501,704
Construction in progress	227,502	1,805,414	2,032,916
Total	<u>\$ 9,997,557</u>	<u>\$ 23,631,305</u>	<u>\$ 33,628,862</u>
	<b>2009</b>	<b>2009</b>	<b>2009</b>
Land	\$ 210,849	\$ 698,373	\$ 909,222
Collection	203,500	-	203,500
Water rights	-	4,002,292	4,002,292
Buildings and improvements	4,577,748	11,615,246	16,192,994
Vehicles and equipment	3,448,161	2,025,365	5,473,526
Surface water supply contracts	-	2,805,278	2,805,278
Roads	1,676,715	47,519	1,724,234
Construction in progress	224,033	1,597,451	1,821,484
Total	<u>\$ 10,341,006</u>	<u>\$ 22,791,524</u>	<u>\$ 33,132,530</u>

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

	<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
	<b>2010</b>	<b>2010</b>	<b>2010</b>
General obligation bonds	\$ 3,766,207	\$ -	\$ 3,766,207
Revenue bonds	-	14,492,724	14,492,724
Total	<u>\$ 3,766,207</u>	<u>\$ 14,492,724</u>	<u>\$ 18,258,931</u>
	<b>2009</b>	<b>2009</b>	<b>2009</b>
General obligation bonds	\$ 4,216,046	\$ -	\$ 4,216,046
Revenue bonds	-	15,122,885	15,122,885
Total	<u>\$ 4,216,046</u>	<u>\$ 15,122,885</u>	<u>\$ 19,338,931</u>

**CITY OF PAMPA CHANGES IN NET ASSETS**

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
	<u>2010</u>	<u>2010</u>	<u>2010</u>
Revenues:			
Program revenues:			
Charges for services	\$ 3,594,339	\$ 8,439,121	\$ 12,033,460
Operating grants	259,101	-	259,101
Capital grants and contributions	-	418,204	418,204
General revenues:			
Property taxes	3,491,082	-	3,491,082
Sales taxes	3,303,194	-	3,303,194
Other taxes	1,371,252	-	1,371,252
Miscellaneous	159,652	178,927	338,579
Total revenues	<u>12,178,620</u>	<u>9,036,252</u>	<u>21,214,872</u>
Expenses:			
General government	1,726,594	-	1,726,594
Public safety	5,315,710	-	5,315,710
Streets and traffic	2,227,433	-	2,227,433
Solid waste management	1,095,529	-	1,095,529
Culture and recreation	1,410,324	-	1,410,324
Interest on long-term debt	89,587	-	89,587
Water and sewer	-	6,278,673	6,278,673
Solid waste management	-	2,216,417	2,216,417
Aquatics center	-	138,002	138,002
Golf course	-	531,643	531,643
Leased properties	-	65,239	65,239
Total expenses	<u>11,865,177</u>	<u>9,229,974</u>	<u>21,095,151</u>
Change in net assets before transfers	313,443	(193,722)	119,721
Transfers	<u>(1,134,174)</u>	<u>1,134,174</u>	<u>-</u>
Change in net assets after transfers	(820,731)	940,452	119,721
Net assets - beginning of year	12,175,791	11,131,620	23,307,411
Net assets - end of year	<u>\$ 11,355,060</u>	<u>\$ 12,072,072</u>	<u>\$ 23,427,132</u>

**CITY OF PAMPA CHANGES IN NET ASSETS**

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



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**BASIC FINANCIAL STATEMENTS**

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**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

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**CITY OF PAMPA, TEXAS  
STATEMENT OF NET ASSETS  
SEPTEMBER 30, 2010**

	Primary Government			Component Unit: Pampa Economic Development Corporation
	Governmental Activities	Business-type Activities	Total	
Assets:				
Cash and cash equivalents	\$ 3,336,775	\$ 927,921	\$ 4,264,696	\$ 466,908
Investments	38,000	-	38,000	1,936,961
Receivables, net of allowance for uncollectibles	1,423,994	1,015,113	2,439,107	201,888
Internal balances	289,587	(289,587)	-	-
Inventories	30,074	478,572	508,646	-
Prepaid items	42,896	4,125	47,021	-
Note receivable	-	-	-	49,167
Restricted assets:				
Temporarily Restricted:				
Cash and cash equivalents	253,546	5,219,356	5,472,902	-
Investments	-	4,149,000	4,149,000	-
Accrued interest	4,585	-	4,585	-
Receivable - CRMWA	-	268,598	268,598	-
Permanently Restricted:				
Investments	350,000	-	350,000	-
Capital assets, net of accumulated depreciation and amortization:				
Land	210,849	788,941	999,790	-
Collection	203,500	-	203,500	-
Water rights	-	3,912,878	3,912,878	-
Buildings and improvements	4,361,168	12,335,313	16,696,481	22,901
Vehicles and equipment	3,531,380	2,008,691	5,540,071	11,088
Surface water supply contracts	-	2,741,522	2,741,522	-
Roads	1,463,158	38,546	1,501,704	-
Construction in progress	227,502	1,805,414	2,032,916	-
Unamortized landfill permit costs	-	606,510	606,510	-
<b>Total assets</b>	<b>15,767,014</b>	<b>36,010,913</b>	<b>51,777,927</b>	<b>2,688,913</b>
Liabilities:				
Accounts payable	172,723	125,965	298,688	918
Accrued expenses	339,410	1,202,738	1,542,148	37,333
Deferred revenue	1,663	-	1,663	-
Non-current liabilities:				
Due within one year	419,965	1,133,111	1,553,076	-
Due in more than one year	3,478,193	21,477,027	24,955,220	-
<b>Total liabilities</b>	<b>4,411,954</b>	<b>23,938,841</b>	<b>28,350,795</b>	<b>38,251</b>
Net assets:				
Invested in capital assets, net of related debt	6,501,325	9,896,072	16,397,397	33,989
Restricted for debt service	49,392	1,446,287	1,495,679	-
Restricted for capital projects	264,311	1,064,811	1,329,122	-
Restricted for M.K. Brown Auditorium:				
Expendable	7,904	-	7,904	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net assets	4,182,128	(335,098)	3,847,030	2,616,673
<b>Total net assets</b>	<b>\$ 11,355,060</b>	<b>\$ 12,072,072</b>	<b>\$ 23,427,132</b>	<b>\$ 2,650,662</b>

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

**CITY OF PAMPA, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<u>Functions/Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 1,726,594	\$ 877,752	\$ -	\$ -
Public safety	5,315,710	562,400	222,440	-
Streets and traffic	2,227,433	-	-	-
Solid waste management	1,095,529	2,043,726	-	-
Culture and recreation	1,410,324	110,461	36,661	-
Interest on long-term debt	89,587	-	-	-
	<u>11,865,177</u>	<u>3,594,339</u>	<u>259,101</u>	<u>-</u>
Total governmental activities	<u>11,865,177</u>	<u>3,594,339</u>	<u>259,101</u>	<u>-</u>
Business activities:				
Water and sewer system	6,278,673	6,523,001	-	-
Solid waste management	2,216,417	1,625,931	-	-
Aquatics center	138,002	-	-	418,204
Golf course	531,643	282,796	-	-
Leased properties	65,239	7,393	-	-
	<u>9,229,974</u>	<u>8,439,121</u>	<u>-</u>	<u>418,204</u>
Total business activities	<u>9,229,974</u>	<u>8,439,121</u>	<u>-</u>	<u>418,204</u>
Total primary government	<u>21,095,151</u>	<u>12,033,460</u>	<u>259,101</u>	<u>418,204</u>
<b>Component Unit:</b>				
PEDC	\$ <u>779,695</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>-</u>

General revenues:

Property taxes levied for general purposes  
Property taxes levied for debt service  
Sales taxes  
Other taxes  
Investment earnings  
Miscellaneous revenues  
Transfers in (out)

Total general revenues and transfers

Change in net assets

Net assets - beginning of year

Net assets - end of year

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

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

<b>Primary Government</b>			<b>Component Unit: Pampa Economic Development Corporation</b>
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	
\$ (848,842)	\$ -	\$ (848,842)	\$ -
(4,530,870)	-	(4,530,870)	-
(2,227,433)	-	(2,227,433)	-
948,197	-	948,197	-
(1,263,202)	-	(1,263,202)	-
(89,587)	-	(89,587)	-
<u>(8,011,737)</u>	<u>-</u>	<u>(8,011,737)</u>	<u>-</u>
-	244,328	244,328	-
-	(590,486)	(590,486)	-
-	280,202	280,202	-
-	(248,847)	(248,847)	-
<u>-</u>	<u>(57,846)</u>	<u>(57,846)</u>	<u>-</u>
<u>-</u>	<u>(372,649)</u>	<u>(372,649)</u>	<u>-</u>
<u>(8,011,737)</u>	<u>(372,649)</u>	<u>(8,384,386)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(779,695)</u>
2,967,306	-	2,967,306	-
523,776	-	523,776	-
3,303,194	-	3,303,194	1,101,065
1,371,252	-	1,371,252	-
15,051	17,681	32,732	13,456
144,601	161,246	305,847	-
(1,134,174)	1,134,174	-	-
<u>7,191,006</u>	<u>1,313,101</u>	<u>8,504,107</u>	<u>1,114,521</u>
(820,731)	940,452	119,721	334,826
<u>12,175,791</u>	<u>11,131,620</u>	<u>23,307,411</u>	<u>2,315,836</u>
<u>\$ 11,355,060</u>	<u>\$ 12,072,072</u>	<u>\$ 23,427,132</u>	<u>\$ 2,650,662</u>



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**FUND FINANCIAL STATEMENTS**

**CITY OF PAMPA, TEXAS**  
**BALANCE SHEET - GOVERNMENTAL FUNDS**  
**SEPTEMBER 30, 2010**

	<b>General</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Other Governmental Funds</b>	<b>Total Governmental Funds</b>
<b>Assets:</b>					
Cash and cash equivalents	\$ 2,505,097	\$ 48,069	\$ 264,266	\$ 518,649	\$ 3,336,081
Investments	38,000	-	-	-	38,000
Receivables (net of allowance for uncollectibles)	1,284,396	49,509	45	90,044	1,423,994
Due from other funds	326,291	1,323	-	-	327,614
Inventories	30,074	-	-	-	30,074
Prepaid items	42,896	-	-	-	42,896
<b>Restricted assets:</b>					
Restricted cash	249,727	-	-	3,819	253,546
Restricted accrued interest	-	-	-	4,585	4,585
Restricted investments	-	-	-	350,000	350,000
<b>Total assets</b>	<b>\$ 4,476,481</b>	<b>\$ 98,901</b>	<b>\$ 264,311</b>	<b>\$ 967,097</b>	<b>\$ 5,806,790</b>
<b>Liabilities and Fund Balances:</b>					
<b>Liabilities:</b>					
Accounts payable	\$ 149,856	\$ -	\$ -	\$ 19,199	\$ 169,055
Accrued expenditures	288,701	-	-	5,922	294,623
Due to other funds	1,323	-	-	32,010	33,333
Deferred revenue	91,613	49,509	-	6,230	147,352
<b>Total liabilities</b>	<b>531,493</b>	<b>49,509</b>	<b>-</b>	<b>63,361</b>	<b>644,363</b>
<b>Fund balances:</b>					
<b>Reserved for:</b>					
Debt service	-	49,392	-	-	49,392
M.K. Brown Auditorium	-	-	-	357,904	357,904
Vehicle replacement	83,098	-	-	-	83,098
2008 bond proceeds	10,022	-	-	-	10,022
Inventories	30,074	-	-	-	30,074
Prepaid items	42,896	-	-	-	42,896
Dumpster replacement	84,810	-	-	-	84,810
Other expenditures	71,797	-	-	-	71,797
<b>Unreserved, reported in:</b>					
General fund	3,622,291	-	-	-	3,622,291
Capital projects fund	-	-	264,311	-	264,311
Special revenue funds	-	-	-	545,832	545,832
<b>Total fund balances</b>	<b>3,944,988</b>	<b>49,392</b>	<b>264,311</b>	<b>903,736</b>	<b>5,162,427</b>
<b>Total liabilities and fund balances</b>	<b>\$ 4,476,481</b>	<b>\$ 98,901</b>	<b>\$ 264,311</b>	<b>\$ 967,097</b>	<b>\$ 5,806,790</b>

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

**CITY OF PAMPA, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL FUND'S BALANCE SHEET**  
**TO THE STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

<b>Total fund balances - Governmental Funds</b>	\$	5,162,427
<p>The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Assets, but not in the Governmental Funds Balance Sheet. The net effect of this consolidation is to decrease net assets.</p>		
		(7,667)
<p>Capital assets used in the governmental activities are not financial resources and therefore are not reported in governmental funds. At the beginning of the year, the cost of these assets was \$38,883,412 and the accumulated depreciation was \$28,542,406. In addition, long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported as liabilities in the funds. At the beginning of the year, the balance of long-term liabilities was \$4,190,362. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net assets.</p>		
		6,150,644
<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, 2010, the amount of capital outlays and debt principal payments were \$994,215 and \$468,187 respectively. The net effect of including the 2010 capital outlays and debt principal payments is to increase net assets.</p>		
		1,462,402
<p>The 2010 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.</p>		
		(1,244,798)
<p>During 2010, the City entered into a capital lease to purchase equipment. On the fund financial statements, the capital lease proceeds are shown as an other financing source; however, for the government-wide financial statements, the capital lease is reported as a long-term liability. The net effect of showing the capital lease proceeds as a long-term is to decrease net assets.</p>		
		(142,498)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to decrease net assets.</p>		
		<u>(25,450)</u>
<b>Net assets of Governmental Activities</b>	<b>\$</b>	<b><u>11,355,060</u></b>

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

**CITY OF PAMPA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<b>Revenues:</b>					
Taxes:					
Property taxes	\$ 2,737,039	\$ 507,583	\$ -	\$ 163,856	\$ 3,408,478
Sales taxes	3,303,194	-	-	-	3,303,194
Other taxes	1,126,560	-	-	244,692	1,371,252
Penalties and interest on taxes	75,019	834	-	4,168	80,021
Licenses and permits	69,035	-	-	-	69,035
Intergovernmental	162,866	-	-	5,000	167,866
Charges for services	3,209,538	-	-	59,472	3,269,010
Fines	330,760	-	-	11,364	342,124
Investment earnings	4,192	234	48	10,574	15,048
Contributions and donations	70,858	-	-	20,377	91,235
Other revenue	183,428	-	-	15,400	198,828
<b>Total revenues</b>	<b>11,272,489</b>	<b>508,651</b>	<b>48</b>	<b>534,903</b>	<b>12,316,091</b>
<b>Expenditures:</b>					
Current:					
General government	1,420,703	-	-	1,000	1,421,703
Public safety	5,125,882	-	-	2,898	5,128,780
Streets and traffic	1,903,806	-	-	-	1,903,806
Solid waste management	997,336	-	-	-	997,336
Culture and recreation	394,274	-	-	723,106	1,117,380
Capital outlay	913,780	-	2,061	78,374	994,215
Debt service:					
Principal retirement	18,348	449,839	-	-	468,187
Interest and fiscal charges	1,688	92,282	-	-	93,970
<b>Total expenditures</b>	<b>10,775,817</b>	<b>542,121</b>	<b>2,061</b>	<b>805,378</b>	<b>12,125,377</b>
Excess (deficiency) of revenues over (under) expenditures	496,672	(33,470)	(2,013)	(270,475)	190,714
<b>Other financing sources (uses):</b>					
Transfers in	180,817	-	-	294,366	475,183
Transfers out	(425,000)	(1,123,348)	-	(22,366)	(1,570,714)
Capital leases	142,498	-	-	-	142,498
<b>Total other financing sources (uses)</b>	<b>(101,685)</b>	<b>(1,123,348)</b>	<b>-</b>	<b>272,000</b>	<b>(953,033)</b>
Net change in fund balances	394,987	(1,156,818)	(2,013)	1,525	(762,319)
Fund balances at beginning of year	3,550,001	1,206,210	266,324	902,211	5,924,746
Fund balances at end of year	\$ 3,944,988	\$ 49,392	\$ 264,311	\$ 903,736	\$ 5,162,427

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

**CITY OF PAMPA, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUND'S STATEMENT OF REVENUES,  
EXPENDITURES, AND CHANGES IN FUND BALANCES  
TO THE STATEMENT OF ACTIVITIES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

<b>Total net changes in fund balances - Governmental Funds</b>	\$ (762,319)
The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The net loss of the internal service fund is reported with governmental activities in the Statement of Activities. The net effect of this consolidation is to decrease net assets.	(15,657)
Current year capital outlays and long-term debt principal payments are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. For the year ended September 30, 2010, the amount of capital outlays and debt principal payments were \$994,215 and \$468,187, respectively. The net effect of including the 2010 capital outlays and debt principal payments is to increase net assets.	1,462,402
The 2010 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net assets.	(1,244,798)
During 2010, the City entered into a capital lease to purchase equipment. On the fund financial statements, the capital lease proceeds are shown as an other financing source; however, for the government-wide financial statements, the capital lease is reported as a long-term liability. The net effect of showing the capital lease proceeds as a long-term is to decrease net assets.	(142,498)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to decrease net assets.	<u>(117,861)</u>
<b>Change in net assets of Governmental Activities</b>	<b>\$ <u><u>(820,731)</u></u></b>

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

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**CITY OF PAMPA, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - GENERAL FUND**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 2,804,490	\$ 2,784,490	\$ 2,737,039	\$ (47,451)
Sales taxes	3,200,000	3,200,000	3,303,194	103,194
Other taxes	1,058,600	1,048,600	1,126,560	77,960
Penalties and interest on taxes	52,000	72,000	75,019	3,019
Licenses and permits	47,600	58,525	69,035	10,510
Intergovernmental	116,300	148,707	162,866	14,159
Charges for services	3,149,280	3,200,718	3,209,538	8,820
Fines	429,000	368,500	330,760	(37,740)
Investment earnings	15,000	4,040	4,192	152
Contributions and donations	18,305	73,920	70,858	(3,062)
Other revenue	38,000	179,545	183,428	3,883
	<u>10,928,575</u>	<u>11,139,045</u>	<u>11,272,489</u>	<u>133,444</u>
Total revenues				
Expenditures:				
Current:				
General government	1,522,115	1,487,296	1,420,703	66,593
Public safety	5,513,515	5,511,814	5,125,882	385,932
Streets and traffic	1,908,297	2,166,240	1,903,806	262,434
Solid waste management	1,118,880	1,119,476	997,336	122,140
Culture and recreation	476,252	480,858	394,274	86,584
Capital outlay	755,000	822,957	913,780	(90,823)
Debt service:				
Principal retirement	83,752	83,752	18,348	65,404
Interest and fiscal charges	14,604	15,599	1,688	13,911
	<u>11,392,415</u>	<u>11,687,992</u>	<u>10,775,817</u>	<u>912,175</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(463,840)</u>	<u>(548,947)</u>	<u>496,672</u>	<u>1,045,619</u>
Other financing sources (uses):				
Transfers in	53,150	180,817	180,817	-
Transfers out	(425,000)	(425,000)	(425,000)	-
Capital leases	-	-	142,498	142,498
	<u>(371,850)</u>	<u>(244,183)</u>	<u>(101,685)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	(835,690)	(793,130)	394,987	1,045,619
Fund balances at beginning of year	<u>3,550,001</u>	<u>3,550,001</u>	<u>3,550,001</u>	<u>-</u>
Fund balances at end of year	<u>\$ 2,714,311</u>	<u>\$ 2,756,871</u>	<u>\$ 3,944,988</u>	<u>\$ 1,045,619</u>

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



**CITY OF PAMPA, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Funds</b>	<b>Internal Service Fund</b>
<b>Assets:</b>						
<b>Current assets:</b>						
Cash and cash equivalents	\$ 410,624	\$ 310,723	\$ 104,342	\$ 102,232	\$ 927,921	\$ 694
<b>Restricted assets - current:</b>						
Cash and cash equivalents	2,389,623	778,124	2,050,530	1,079	5,219,356	-
Investments	2,972,000	370,000	800,000	7,000	4,149,000	-
Receivables	268,598	-	-	-	268,598	-
Interest receivable - investments	308	103	510	-	921	-
Receivables - net of uncollectible allowance	903,133	107,155	-	3,904	1,014,192	-
Due from other funds	34	-	-	-	34	-
Prepaid expense	4,125	-	-	-	4,125	-
Inventories	478,572	-	-	-	478,572	-
<b>Total current assets</b>	<b>7,427,017</b>	<b>1,566,105</b>	<b>2,955,382</b>	<b>114,215</b>	<b>12,062,719</b>	<b>694</b>
<b>Non-current assets:</b>						
<b>Capital assets:</b>						
Land	99,734	53,125	90,568	545,514	788,941	-
Water rights	4,384,700	-	-	-	4,384,700	-
Buildings and improvements	23,895,689	5,824,902	-	1,947,168	31,667,759	-
Vehicles and equipment	3,121,692	2,694,177	-	302,362	6,118,231	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	592,754	-	1,212,660	-	1,805,414	-
Less: accumulated depreciation and amortization	(19,856,089)	(5,845,114)	-	(1,067,110)	(26,768,313)	-
Unamortized landfill permit costs	-	606,510	-	-	606,510	-
<b>Total non-current assets</b>	<b>17,657,758</b>	<b>3,548,895</b>	<b>1,303,228</b>	<b>1,727,934</b>	<b>24,237,815</b>	<b>-</b>
<b>Total assets</b>	<b>25,084,775</b>	<b>5,115,000</b>	<b>4,258,610</b>	<b>1,842,149</b>	<b>36,300,534</b>	<b>694</b>
<b>Liabilities:</b>						
<b>Current liabilities:</b>						
Accounts payable	97,402	12,595	6,070	9,898	125,965	250
Accrued expenses	14,260	5,123	-	-	19,383	-
Claims and judgments payable	-	-	-	-	-	3,417
Due to other funds	-	-	-	289,621	289,621	4,694
Accrued interest payable	685,511	98,156	54,043	774	838,484	-
Consumer deposits	344,871	-	-	-	344,871	-
<b>Bonds payable - current:</b>						
Revenue bonds and certifications of obligation	629,015	77,282	28,863	1,144	736,304	-
CRMWA obligations	320,808	-	-	-	320,808	-
Notes payable - current	10,240	-	-	-	10,240	-
Capital leases payable - current	-	-	-	23,840	23,840	-
Compensated absences	34,169	7,750	-	-	41,919	-
<b>Total current liabilities</b>	<b>2,136,276</b>	<b>200,906</b>	<b>88,976</b>	<b>325,277</b>	<b>2,751,435</b>	<b>8,361</b>
<b>Non-current liabilities:</b>						
Revenue bonds and certificates of obligation (net)	6,649,166	4,130,596	3,043,737	56,667	13,880,166	-
CRMWA obligations (net)	6,284,510	-	-	-	6,284,510	-
Notes payable	81,919	-	-	-	81,919	-
Capital leases payable	-	-	-	26,299	26,299	-
Compensated absences	11,390	2,583	-	-	13,973	-
Landfill closure liability	-	1,190,160	-	-	1,190,160	-
<b>Total non-current liabilities</b>	<b>13,026,985</b>	<b>5,323,339</b>	<b>3,043,737</b>	<b>82,966</b>	<b>21,477,027</b>	<b>-</b>
<b>Total liabilities</b>	<b>15,163,261</b>	<b>5,524,245</b>	<b>3,132,713</b>	<b>408,243</b>	<b>24,228,462</b>	<b>8,361</b>
<b>Net assets:</b>						
Invested in capital assets, net of related debt	7,887,728	726,534	125,148	1,156,662	9,896,072	-
Restricted for debt service	670,199	312,461	-	463,627	1,446,287	-
Restricted for capital acquisition	-	119,639	945,172	-	1,064,811	-
Unrestricted	1,363,588	(1,567,879)	55,577	(186,383)	(335,098)	(7,667)
<b>Total net assets</b>	<b>\$ 9,921,514</b>	<b>\$ (409,245)</b>	<b>\$ 1,125,897</b>	<b>\$ 1,433,906</b>	<b>\$ 12,072,072</b>	<b>\$ (7,667)</b>

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

**CITY OF PAMPA, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET ASSETS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

	<b>Business-type activities - Enterprise Funds</b>				<b>Total Enterprise Funds</b>	<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>		
Operating revenues:						
Charges for services	\$ 6,523,001	\$ 1,625,931	\$ -	\$ 282,796	\$ 8,431,728	\$ 63,564
Rent	-	-	-	7,393	7,393	-
Other revenues	150,344	10,900	418,204	2	579,450	-
<b>Total operating revenues</b>	<b>6,673,345</b>	<b>1,636,831</b>	<b>418,204</b>	<b>290,191</b>	<b>9,018,571</b>	<b>63,564</b>
Operating expenses:						
Personnel services	1,067,665	406,915	-	-	1,474,580	-
Contractual services	2,108,355	594,082	-	362,750	3,065,187	5,986
Supplies and materials	567,017	233,363	-	85,387	885,767	-
Depreciation and amortization	1,000,419	670,485	-	104,813	1,775,717	-
Intercity charges	876,426	68,000	-	29,300	973,726	-
Insurance and claims	15,564	8,418	-	8,549	32,531	73,238
<b>Total operating expenses</b>	<b>5,635,446</b>	<b>1,981,263</b>	<b>-</b>	<b>590,799</b>	<b>8,207,508</b>	<b>79,224</b>
<b>Operating income (loss)</b>	<b>1,037,899</b>	<b>(344,432)</b>	<b>418,204</b>	<b>(300,608)</b>	<b>811,063</b>	<b>(15,660)</b>
Non-operating revenues (expenses):						
Investment earnings	6,828	833	9,763	257	17,681	3
Interest and fiscal charges	(643,227)	(235,154)	(138,002)	(6,083)	(1,022,466)	-
<b>Total non-operating revenues (expenses)</b>	<b>(636,399)</b>	<b>(234,321)</b>	<b>(128,239)</b>	<b>(5,826)</b>	<b>(1,004,785)</b>	<b>3</b>
<b>Income (loss) before transfers</b>	<b>401,500</b>	<b>(578,753)</b>	<b>289,965</b>	<b>(306,434)</b>	<b>(193,722)</b>	<b>(15,657)</b>
Transfers in	595,134	309,553	277,489	177,148	1,359,324	-
Transfers out	(225,150)	-	-	-	(225,150)	-
<b>Change in net assets</b>	<b>771,484</b>	<b>(269,200)</b>	<b>567,454</b>	<b>(129,286)</b>	<b>940,452</b>	<b>(15,657)</b>
<b>Total net assets - beginning of year</b>	<b>9,150,030</b>	<b>(140,045)</b>	<b>558,443</b>	<b>1,563,192</b>	<b>11,131,620</b>	<b>7,990</b>
<b>Total net assets - end of year</b>	<b>\$ 9,921,514</b>	<b>\$ (409,245)</b>	<b>\$ 1,125,897</b>	<b>\$ 1,433,906</b>	<b>\$ 12,072,072</b>	<b>\$ (7,667)</b>

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

**CITY OF PAMPA**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>					<b>Governmental Activities Internal Service Fund</b>
	<b>Water and Sewer System</b>	<b>Solid Waste Management</b>	<b>Aquatics Center</b>	<b>Other Enterprise Funds</b>	<b>Total Enterprise Total</b>	
<b>Cash flows from operating activities:</b>						
Receipts from customers and users	\$ 6,530,685	\$ 1,634,348	\$ 453,184	\$ 298,032	\$ 8,916,249	\$ -
Receipts from inter-fund services provided	-	-	-	87,981	87,981	68,258
Payments to employees	(1,099,074)	(427,478)	-	-	(1,526,552)	-
Payments to insurance claims	-	-	-	-	-	(72,972)
Payments to suppliers	(2,840,717)	(548,196)	-	(452,741)	(3,841,654)	(5,736)
Payments for inter-fund services used	(876,426)	(68,000)	(36,625)	(29,300)	(1,010,351)	-
Net cash flows from operating activities	<u>1,714,468</u>	<u>590,674</u>	<u>416,559</u>	<u>(96,028)</u>	<u>2,625,673</u>	<u>(10,450)</u>
<b>Cash flows from non-capital financing activities:</b>						
Transfers from other funds	595,134	309,553	277,489	138,504	1,320,680	-
Transfers to other funds	(225,150)	-	-	-	(225,150)	-
Net cash flows from non-capital financing activities	<u>369,984</u>	<u>309,553</u>	<u>277,489</u>	<u>138,504</u>	<u>1,095,530</u>	<u>-</u>
<b>Cash flows from capital and related financing activities:</b>						
Acquisition and construction of capital assets	(785,935)	(533,903)	(1,237,908)	-	(2,557,746)	-
Issuance of 2009 conjunctive use obligations	759,780	-	-	-	759,780	-
Issuance of 2010 CRMWA burec refunding obligations	1,149,751	-	-	-	1,149,751	-
Issuance of 2010 CRMWA refunding obligations	233,219	-	-	-	233,219	-
Transfer to fiscal agent for 2010 CRMWA burec refunding	(1,042,587)	-	-	-	(1,042,587)	-
Transfer to fiscal agent for 2010 CRMWA refunding	(210,004)	-	-	-	(210,004)	-
Principal paid on capital debt	(946,564)	(195,857)	(18,676)	(26,451)	(1,187,548)	-
Interest paid on capital debt	(619,713)	(296,318)	(162,330)	(9,127)	(1,087,488)	-
Net cash flows from capital and related financing activities	<u>(1,462,053)</u>	<u>(1,026,078)</u>	<u>(1,418,914)</u>	<u>(35,578)</u>	<u>(3,942,623)</u>	<u>-</u>
<b>Cash flows from investing activities:</b>						
Purchase of investments (net of redemptions of investments)	(2,742,000)	(370,000)	(800,000)	(7,000)	(3,919,000)	-
Interest and dividends received	6,589	730	9,253	255	16,827	3
Net cash flows from investing activities	<u>(2,735,411)</u>	<u>(369,270)</u>	<u>(790,747)</u>	<u>(6,745)</u>	<u>(3,902,173)</u>	<u>3</u>
Net increase (decrease) in cash and cash equivalents	(2,113,012)	(495,121)	(1,515,613)	153	(4,123,593)	(10,447)
Cash and cash equivalents at beginning of year	<u>4,913,259</u>	<u>1,583,968</u>	<u>3,670,485</u>	<u>103,158</u>	<u>10,270,870</u>	<u>11,141</u>
Cash and cash equivalents at end of year	<u>\$ 2,800,247</u>	<u>\$ 1,088,847</u>	<u>\$ 2,154,872</u>	<u>\$ 103,311</u>	<u>\$ 6,147,277</u>	<u>\$ 694</u>
<b>Reconciliation of operating income (loss) to net cash flows from operating activities:</b>						
Operating income (loss)	\$ 1,037,899	\$ (344,432)	\$ 418,204	\$ (300,608)	\$ 811,063	\$ (15,660)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,000,419	670,485	-	104,813	1,775,717	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(263,549)	(2,483)	34,980	7,841	(223,211)	-
Prepaid expense	(4,125)	1,776	-	-	(2,349)	-
Inventories	(904)	-	-	-	(904)	-
Increase (decrease) in:						
Accounts payable	(29,423)	155	-	3,945	(25,323)	516
Accrued expenses	(34,555)	(15,256)	-	-	(49,811)	-
Due to other funds	-	-	(36,625)	87,981	51,356	4,694
Consumer deposits	5,560	-	-	-	5,560	-
Compensated absences	3,146	(5,307)	-	-	(2,161)	-
Landfill closure liability	-	285,736	-	-	285,736	-
Total adjustments	<u>676,569</u>	<u>935,106</u>	<u>(1,645)</u>	<u>204,580</u>	<u>1,814,610</u>	<u>5,210</u>
Net cash provided (used) by operating activities	<u>\$ 1,714,468</u>	<u>\$ 590,674</u>	<u>\$ 416,559</u>	<u>\$ (96,028)</u>	<u>\$ 2,625,673</u>	<u>\$ (10,450)</u>
<b>Reconciliation of total cash and cash equivalents:</b>						
Cash and cash equivalents on statement of net assets	\$ 410,624	\$ 310,723	\$ 104,342	\$ 102,232	\$ 927,921	\$ 694
Restricted cash and cash equivalents on statement of net assets	<u>2,389,623</u>	<u>778,124</u>	<u>2,050,530</u>	<u>1,079</u>	<u>5,219,356</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 2,800,247</u>	<u>\$ 1,088,847</u>	<u>\$ 2,154,872</u>	<u>\$ 103,311</u>	<u>\$ 6,147,277</u>	<u>\$ 694</u>

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

**CITY OF PAMPA, TEXAS  
STATEMENT OF FIDUCIARY NET ASSETS  
FIDUCIARY FUNDS  
SEPTEMBER 30, 2010**

	<u>Agency Fund</u> <u>Municipal Court</u> <u>Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ 1,657
Total assets	\$ <u>1,657</u>
Liabilities:	
Deposits	\$ <u>1,657</u>
Total liabilities	\$ <u>1,657</u>

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

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**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:**

The City of Pampa, Texas (the City) operates under a Commission-Manager form of government and provides the following services, as authorized by its charter adopted in 1927: police and fire protection, streets and traffic control, planning and code enforcement and general administrative services. In addition, the City maintains the water and sewer system and a solid waste management operation, the operations of which are accounted for as enterprise funds. The City also operates a municipal golf course which was opened on May 15, 1990 and is accounted for as an enterprise fund, and leases various properties which are also accounted for in an enterprise fund. The City is also currently constructing a new aquatics park that will open in 2011 that is being accounted for as an enterprise fund.

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

**A. Reporting Entity**

**The Financial Reporting Entity**

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

**Individual Component Unit Disclosures**

Blended component units:

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**A. Reporting Entity (continued)**

**Individual Component Unit Disclosures (continued)**

Discretely presented component units:

The component unit column in the government-wide financial statements includes the financial data of a new 4B Economic Development Corporation (the "4BEDC") which was established by voters in the City in November, 2005. This new 4BEDC was established for the promotion of business and economic development in and around the City, and is being funded by a ½ cent sales tax also approved by the voters of the City. In December, 2005, the City appointed a separate seven member board of directors that have the responsibility of managing the activities of the 4BEDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the 4BEDC in February, 2006. The 4BEDC also began its operations during the year ended September 30, 2006, and began receiving the ½ cent sales tax which will be used to fund future operations of the 4BEDC. The City is responsible for approving the operating budget of the 4BEDC as adopted by the seven member board of directors. The 4BEDC has elected to not prepare separate financial statements for the year ended September 30, 2010.

**Related Organizations**

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

**Jointly Governed Organizations**

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

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

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

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

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



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

The City reports the following major governmental funds:

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

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

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

The City reports the following major proprietary funds:

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

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

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

Additionally, the City reports the following fund types:

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

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

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

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

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

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

Nonmajor Proprietary Funds:

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

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

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

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

**D. Budgets**

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**D. Budgets (continued)**

The City's Executive Budget, Annual Operating Budget and Program of Services, are prepared annually for all governmental funds on a detailed account level (line-item) basis. However, the legal level of budgetary control is directed at total expenditures at the individual fund level. The account level basis of the annual Executive Budget is intended purely as a management planning and control device. The City Manager is authorized to transfer budgeted amounts within and among departments; however, any revisions that alter the total expenditures on an individual fund basis require the City Commission's approval. Although not legally required by state or local law, the City adopts budgets for all proprietary funds to aid management in planning and internal control. The budget-to-actual comparisons in the combined financial statements are presented on a function level basis to provide information concerning the City's performance as it relates to the Executive Budget.

The City uses a flow of current financial resources method to budget for governmental funds and a flow of economic resources method to budget for proprietary funds. Governmental fund budgets are substantially on a basis consistent with GAAP. Proprietary fund budgets are not on a basis consistent with GAAP in that depreciation expense is not budgeted and capital asset purchases and debt principal payments are shown as expenses in the budget. The budgeted amounts reflected in the financial statements are as last amended by the City Commission. Appropriations lapse at year-end.

**E. Encumbrances**

Encumbrances are commitments related to unperformed (executory) contracts for goods or services, and are a common budgetary control device, used in conjunction with a formally integrated budget to insure that appropriations are not exceeded. Encumbrance accounting has not been employed in the financial records of the City.

**F. Cash and Investments**

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

Investments are stated at cost which approximates fair value.

**G. Receivables**

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

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

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

**I. Inventories and Prepaid Items**

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

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

**J. Restricted Assets**

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Deposits from consumers which are to be applied to customer accounts that become uncollectible or otherwise refunded upon termination of utility service are also classified as restricted assets. Other cash funds which have been designated for a particular use are also classified as restricted assets.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**K. Capital Assets**

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

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	10-50
Building improvements	10-50
Public domain infrastructure	20
System infrastructure	30-80
Vehicles and small equipment	5-30
Furniture and fixtures	7
Surface water supply contract	85

The City has accumulated a small collection of art objects consisting of a painting and several sculptures through various donations. The City has capitalized these items, but is not depreciating them, as the collection has intrinsic value to the City and the City has deemed them to be inexhaustible. The City has the following policy pertaining to its collection items

- Items in the collection are held for public exhibition, education, or research in furtherance of public service, rather than financial gain.
- Collection items are protected, kept unencumbered, cared for, and preserved.
- Collection items are subject to the City’s policy in that proceeds from the sale of collection items are to be used to acquire other items for collection.

In order to better track the collection, the City has created a separate category on its financial statements for these assets. Previously, these items had been included in either the buildings and improvements category or the equipment category on the financial statements.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**L. Compensated Absences**

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

**M. Long-Term Obligations**

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

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

**N. Net Assets and Fund Balance**

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

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

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

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

**O. Grants to Businesses**

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

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



**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**Other Individual Fund Disclosures**

The following funds had an excess of expenses/expenditures over appropriations (exclusive of depreciation, principal retirement, and capital outlays for the proprietary funds) for the year ended September 30, 2010:

<u>Fund</u>	<u>Budgeted Expenditures</u>	<u>Actual Expenditures Excluding Depreciation</u>	<u>Excess of Actual Expenditures Over Budgeted Expenditures</u>
Enterprise Funds:			
Solid Waste Management	1,276,022	1,545,933	269,911
Internal Service Funds:			
Dental Benefits	77,736	79,225	1,489

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

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

As of September 30, 2010, the City's Solid Waste Management Fund had an overall deficit of \$409,245 in total net assets, resulting primarily from significant closure costs incurred on a portion of the City's landfill cells during prior years, and recognizing additional liability for the estimated closure and post closure costs on the City's landfill permits.

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 3. DEPOSITS AND INVESTMENTS:**

Legal and Contractual Provisions Governing Deposits and Investments

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

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or a Federal Home Loan Bank bond. At September 30, 2010 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

Policies Governing Deposits and Investments

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

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

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

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

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

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

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

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

Policies Governing Deposits and Investments (continued)

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

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

Investments Held

At September 30, 2010 , the carrying amounts of the City’s investments are shown below. The City did not invest in any other types of investments other than those shown below for the year ended September 30, 2010.

<u>Primary Government</u>	<u>Credit Rating</u>	<u>Carrying Amount</u>	<u>Fair Value</u>
Certificates of Deposit	N/A	\$ <u>4,187,000</u>	\$ <u>4,187,000</u>
Federal Home Loan Mortgage Corporation bond Matures November, 2015	Moody's Aaa	\$ <u>350,000</u>	\$ <u>351,012</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 4. RECEIVABLES:**

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

<b>Governmental activities:</b>	<b>General</b>	<b>Special Revenue</b>	<b>Debt Service</b>	<b>Capital Projects</b>	<b>Enterprise Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total</b>
Receivables:							
Property taxes	\$ 251,985	\$ 16,027	\$ 82,409	\$ -	\$ -	\$ -	\$ 350,421
Other taxes	835,065	83,768	-	-	-	-	918,833
Accounts	257,378	-	-	-	1,017,548	-	1,274,926
Grants from federal, state, and local sources	103,116	-	-	-	-	-	103,116
Interest	237	46	-	45	921	4,585	5,834
CRMWA	-	-	-	-	268,598	-	268,598
<b>Total receivables</b>	<b>1,447,781</b>	<b>99,841</b>	<b>82,409</b>	<b>45</b>	<b>1,287,067</b>	<b>4,585</b>	<b>2,921,727</b>
Less allowance for uncollectibles	163,385	9,797	32,900	-	3,356	-	209,438
<b>Total net receivables</b>	<b>\$ 1,284,396</b>	<b>\$ 90,044</b>	<b>\$ 49,509</b>	<b>\$ 45</b>	<b>\$ 1,283,711</b>	<b>\$ 4,585</b>	<b>\$ 2,712,289</b>

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 58.42% of the total delinquent taxes receivable at September 30, 2010. 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 2009 tax roll for the 2009-2010 fiscal year was \$.62693 per \$100 of assessed valuation, of which \$.501156 was designated to finance general governmental services, \$.095774 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$3,452,386 on an assessed value of \$550,673,115 (after exemptions).

Notes receivable at September 30, 2010, consisted of loans made by the Prior EDC and the 4BEDC to various enterprises to enhance economic development for Pampa, Texas. The loans are further discussed in Note 19.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 5. RESTRICTED ASSETS:**

The City had the following restricted assets as of September 30, 2010:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Aquatics Center</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Restricted cash:							
Construction and capital acquisition	\$ -	\$ -	\$ 2,333,524	\$ 618,507	\$ 1,339,692	\$ -	\$ 4,291,723
Vehicle replacement	83,098	-	-	-	-	-	83,098
Dumpster replacement	84,810	-	-	119,000	-	-	203,810
Other expenditures	71,797	500	-	-	-	-	72,297
Acquatics Center	-	-	-	-	700,000	-	700,000
M.K. Brown Auditorium	-	3,319	-	-	-	-	3,319
Revenue bond debt service	10,022	-	45,112	40,617	10,838	1,079	107,668
Water and sewer utility deposits	-	-	10,987	-	-	-	10,987
Total restricted cash	<u>\$ 249,727</u>	<u>\$ 3,819</u>	<u>\$ 2,389,623</u>	<u>\$ 778,124</u>	<u>\$ 2,050,530</u>	<u>\$ 1,079</u>	<u>\$ 5,472,902</u>
Restricted accrued interest receivable:							
M.K. Brown Auditorium	<u>\$ -</u>	<u>\$ 4,585</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 4,585</u>
Restricted investments:							
Construction and capital acquisition	\$ -	\$ -	\$ 1,700,000	\$ -	\$ 800,000	\$ 7,000	\$ 2,507,000
M.K. Brown Auditorium	-	350,000	-	-	-	-	350,000
Revenue bond debt service	-	-	1,042,000	370,000	-	-	1,412,000
Water and sewer utility deposits	-	-	230,000	-	-	-	230,000
Total restricted investments	<u>\$ -</u>	<u>\$ 350,000</u>	<u>\$ 2,972,000</u>	<u>\$ 370,000</u>	<u>\$ 800,000</u>	<u>\$ 7,000</u>	<u>\$ 4,499,000</u>
Restricted receivable:							
CRMWA debt service	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,598</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 268,598</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 6. CAPITAL ASSETS:**

Capital asset activity for the year ended September 30, 2010 was as follows:

**Primary Government:**

<b>Governmental activities:</b>	<b>Balance Oct. 1, 2009</b>	<b>Additions</b>	<b>Sales, Retirements, and Transfers</b>	<b>Balance Sept. 30, 2010</b>
Capital assets, not being depreciated				
Land	\$ 210,849	\$ -	\$ -	\$ 210,849
Collection	203,500	-	-	203,500
Construction in progress	224,033	9,661	(6,192)	227,502
Total capital assets, not being depreciated	<u>638,382</u>	<u>9,661</u>	<u>(6,192)</u>	<u>641,851</u>
Capital assets being depreciated:				
Roads	18,809,864	-	-	18,809,864
Buildings and improvements	9,418,440	91,752	-	9,510,192
Vehicles and equipment	10,016,726	909,654	(606,791)	10,319,589
Total capital assets, being depreciated	<u>38,245,030</u>	<u>1,001,406</u>	<u>(606,791)</u>	<u>38,639,645</u>
Less accumulated depreciation for:				
Roads	17,133,149	213,557	-	17,346,706
Buildings and improvements	4,840,692	308,332	-	5,149,024
Vehicles and equipment	6,568,565	722,909	(503,265)	6,788,209
Total accumulated depreciation	<u>28,542,406</u>	<u>1,244,798</u>	<u>(503,265)</u>	<u>29,283,939</u>
Total capital assets, being depreciated, net	<u>9,702,624</u>	<u>(243,392)</u>	<u>(103,526)</u>	<u>9,355,706</u>
Total Governmental Activities capital assets, net	<u>\$ 10,341,006</u>	<u>\$ (233,731)</u>	<u>\$ (109,718)</u>	<u>\$ 9,997,557</u>

Construction in progress in the governmental activities consists of costs incurred related to various projects in the General Fund that were not complete as of September 30, 2010.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

<b>Business-type activities:</b>	<b>Balance</b>		<b>Sales,</b>		<b>Balance</b>
	<b>Oct. 1, 2009</b>	<b>Additions</b>	<b>Retirements,</b>	<b>Adjustments</b>	<b>Sept. 30, 2010</b>
			<b>&amp; Transfers</b>		
Capital assets, not being depreciated					
Land	\$ 698,373	\$ 90,568	\$ -		\$ 788,941
Construction in progress	1,597,451	1,889,716	(1,681,753)		1,805,414
Total capital assets, not being depreciated	<u>2,295,824</u>	<u>1,980,284</u>	<u>(1,681,753)</u>		<u>2,594,355</u>
Capital assets being depreciated:					
Roads	215,295	-	-		215,295
Buildings and improvements	29,776,107	1,891,652	-		31,667,759
Vehicles and equipment	5,679,356	452,748	(13,873)		6,118,231
Water rights	4,384,700	-	-		4,384,700
Surface water supply contracts	5,419,278	-	-		5,419,278
Total capital assets, being depreciated	<u>45,474,736</u>	<u>2,344,400</u>	<u>(13,873)</u>		<u>47,805,263</u>
Less accumulated depreciation for:					
Roads	167,776	8,973	-		176,749
Buildings and improvements	18,160,861	1,171,585	-		19,332,446
Vehicles and equipment	3,653,991	428,951	26,598		4,109,540
Water rights	382,408	89,414	-		471,822
Surface water supply contracts	2,614,000	63,756	-		2,677,756
Total accumulated depreciation	<u>24,979,036</u>	<u>1,762,679</u>	<u>26,598</u>		<u>26,768,313</u>
Total capital assets, being depreciated, net	<u>20,495,700</u>	<u>581,721</u>	<u>(40,471)</u>		<u>21,036,950</u>
Total Business-type Activities capital assets, net	<u>\$ 22,791,524</u>	<u>\$ 2,562,005</u>	<u>\$ (1,722,224)</u>		<u>\$ 23,631,305</u>

Construction in progress in the business-type activities consists of costs incurred related to improvements of the City's water and sewer system and construction of the Aquatics Center in the amounts of \$592,754 and \$1,212,660, respectively, that were not complete as of September 30, 2010.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

<b>Component Units:</b>	<b>Balance Oct. 1, 2009</b>	<b>Additions</b>	<b>Sales, Retirements, and Transfers</b>	<b>Balance Sept. 30, 2010</b>
Capital assets being depreciated:				
Buildings and improvements	\$ 27,851	\$ -	\$ -	\$ 27,851
Vehicles and equipment	13,981	-	-	13,981
Total capital assets, being depreciated	<u>41,832</u>	<u>-</u>	<u>-</u>	<u>41,832</u>
Less accumulated depreciation for:				
Buildings and improvements	1,983	2,967	-	4,950
Vehicles and equipment	1,131	1,763	-	2,894
Total accumulated depreciation	<u>3,114</u>	<u>4,730</u>	<u>-</u>	<u>7,844</u>
Total capital assets, being depreciated, net	<u>38,718</u>	<u>(4,730)</u>	<u>-</u>	<u>33,988</u>
Total Governmental Activities capital assets, net	<u>\$ 38,718</u>	<u>\$ (4,730)</u>	<u>\$ -</u>	<u>\$ 33,988</u>

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

Governmental activities:	
General government	\$ 379,469
Public safety	159,325
Streets and traffic	318,471
Solid waste management	94,651
Culture and recreation	<u>292,882</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,244,798</u>
Business-type activities:	
Water and sewer	\$ 1,000,418
Solid waste management	657,448
Aquatics center	-
Municipal golf course	75,102
Lease properties	<u>29,711</u>
Total depreciation expense - Business-type Activities	<u>\$ 1,762,679</u>
Pampa Economic Development Corporation	<u>\$ 4,730</u>

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 7. LEASE OBLIGATIONS:**

**Capital Leases**

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

<u>Year Ending September 30,</u>	<u>Governmental Activities</u>	<u>Municipal Golf Course</u>
2011	\$ 32,083	\$ 26,506
2012	32,083	26,506
2013	32,083	2,024
2014	32,083	-
2015	32,083	-
Total	160,415	55,036
Less: Amount representing interest at 4.07% to 5.60%	<u>17,917</u>	<u>4,898</u>
Present Value of Lease Payments	<u>\$ 142,498</u>	<u>\$ 50,138</u>
The following summarizes the assets acquired under capital leases:		
Cost of equipment	\$ 317,745	\$ 164,838
Accumulated depreciation	<u>104,567</u>	<u>76,237</u>
Net leased equipment	<u>\$ 213,178</u>	<u>\$ 88,601</u>

**Operating Leases**

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

<u>Year Ending September 30,</u>	<u>General Fund</u>
2011	\$ 13,804
2012	13,804
2013	13,804
2014	<u>1,150</u>
	<u>\$ 42,562</u>

Rental expenditures under all operating leases for the City have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balance in the amount of \$13,804.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**Operating Leases (continued)**

The City is also obligated under certain leases for equipment being rented for the Municipal Golf Course which are accounted for as operating leases. Operating leases do not give rise to property rights or lease obligations, and therefore the assets being leased under the lease agreements are not reflected in the City's capital assets. The City paid \$77,014 in lease payments during the year which was reported on the Statement of Revenues, Expenses, and Changes in Net Assets in the contractual services category. The minimum lease payments under non-cancelable operating leases for the Municipal Golf Course are:

<b><u>Year Ending September 30,</u></b>	<b><u>Municipal Golf Course</u></b>
2011	\$ 70,117
2012	70,117
2013	10,968
	<b><u>\$ 151,202</u></b>

The Pampa Economic Development Corporation is obligated under a lease with an individual for office space. Under the terms of the lease, the Pampa Economic Development Corporation has agreed to pay a monthly rate of \$600 for a period of 60 months. Rental expense is reported on the Statement of Activities for the year in the amount of \$7,200. The minimum future lease payments are:

<b><u>Year Ending September 30,</u></b>	<b><u>Component Unit</u></b>
2011	\$ 7,200
2012	7,200
2013	7,200
2014	1,200
	<b><u>\$ 22,800</u></b>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

In October, 2001, the City issued \$2,848,931 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2001, (the "2001 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System and to improve and renovate portions of the City's streets. Proceeds from the 2001 Obligations were allocated between the General Fund and the Water and Sewer Fund in the amounts of \$400,000 and \$2,448,931 respectively. The outstanding balance of the 2001 Obligations as of September 30, 2010 was \$1,533,931.

In October 2001, the City also issued \$2,775,000 of General Obligation Refunding Bond Series 2001, (the "2001 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$2,640,000 of the City's General Obligation Bonds, Series 1992, (the "1992 Bonds"). Cash and securities sufficient to fund the 1992 Bonds were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the 1992 Bonds are no longer reflected in the City's financial statements. The 1992 Bonds have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2001 Refunding Bonds as of September 30, 2010 was \$650,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

In October, 2005, the City issued \$2,180,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2005, (the "2005 Obligations"), that were used for improvements and renovations to the City's Waterworks and Sewer System, to purchase machinery and equipment for the water and sewer, street and public safety departments, and to add improvements to the M.K. Brown auditorium. Proceeds from the 2005 Obligations were allocated between the General Fund, the M.K. Brown Special Revenue Fund and the Water and Sewer Fund in the amounts of \$150,000, \$300,000 and \$1,730,000 respectively. The outstanding balance of the 2005 Obligations as of September 30, 2010 was \$1,940,000.

In October 2005, the City also issued \$3,280,000 of Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, (the "2005 Refunding Bonds") that were used by the City to provide funds for the discharge and final payment of \$1,560,000 of the City's Tax and Solid Waste Revenue Certificates of Obligation, Series 1997, and \$1,625,000 of the City's Tax and Waterworks and Sewer System Revenue Certificates of Obligation, Series 1999. Cash and securities sufficient to fund the 1997 Obligations and the 1999 Obligations were transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations occurred. Accordingly, the portion of the 1997 Obligations and the 1999 Obligations refunded are no longer reflected in the City's financial statements. The 1997 Obligations have subsequently been paid by the fiscal agent and no longer remain outstanding. The outstanding balance of the 2005 Refunding Bonds as of September 30, 2010 was \$3,070,000. The 1999 Obligations are further discussed in Note 13.

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

In March, 2008, the City issued \$2,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008, (the "2008 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, street improvements, park improvements, golf course improvements, and constructing and equipping police facilities, including a crime scene building. Proceeds from the 2008 Obligations were allocated between the General Fund, the Water and Sewer Fund, and the Golf Course Fund in the amounts of \$412,000, \$1,628,000 and \$60,000 respectively. The outstanding balance of the 2008 Obligations as of September 30, 2010 was \$2,020,000.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

In March, 2009, the City issued \$9,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009, (the "2009 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, parks and recreation improvements including the construction of the Aquatics Center, excavation and lining of a cell for the City's landfill; and costs of issuance and professional services rendered in relation to such projects. Proceeds from the 2009 Obligations were allocated between the General Fund, the Water and Sewer Fund, the Solid Waste Management Fund, and the Aquatics Center Fund in the amounts of \$250,000, \$2,518,000, \$3,242,000 and \$3,090,000 respectively. The outstanding balance of the 2009 Obligations as of September 30, 2010 was \$9,045,000.

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

Governmental activities detail:

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2001 general obligation refunding, callable at par beginning June 1, 2011	3.50% - 4.00%	2012	\$ 650,000
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	400,464
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2020	2,070,950
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	396,304
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	248,489
			<u>\$ 3,766,207</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

Fiscal year ending September 30,	Principal	Interest	Total
2011	\$ 393,695	\$ 132,268	\$ 525,963
2012	408,533	116,917	525,450
2013	200,857	101,000	301,857
2014	212,744	93,481	306,225
2015	269,927	83,254	353,181
2016 - 2020	1,923,960	297,134	2,221,094
2021 - 2025	260,337	44,644	304,981
2026 - 2030	96,154	8,973	105,127
	<u>\$ 3,766,207</u>	<u>\$ 877,671</u>	<u>\$ 4,643,878</u>

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

	Interest Rates	Maturity Date	Amount Outstanding
2001 certificates of obligation, callable at par beginning June 1, 2011	3.50% - 4.00%	2015	\$ 1,533,931
2005 certificates of obligation, not subject to redemption prior to maturity	3.50% - 4.00%	2016	1,539,536
2005 revenue refunding bonds, callable at par beginning June 1, 2016	3.50% - 4.00%	2017	999,050
2008 certificates of obligation, callable at par beginning June 1, 2018	3.50% - 4.50%	2021	1,623,696
2009 certificates of obligation, callable at par beginning June 1, 2019, capital appreciation certificates are not subject to redemption prior to maturity	2.25% - 4.625%	2028	8,796,511
			<u>\$ 14,492,724</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 736,304	\$ 594,310	\$ 1,330,614
2012	556,289	777,226	1,333,515
2013	765,721	788,113	1,553,834
2014	763,934	787,741	1,551,675
2015	845,927	659,419	1,505,346
2016 - 2020	2,626,040	2,608,391	5,234,431
2021 - 2025	4,794,663	1,403,512	6,198,175
2026 - 2030	3,403,846	317,657	3,721,503
	<u>\$ 14,492,724</u>	<u>\$ 7,936,369</u>	<u>\$ 22,429,093</u>

**Canadian River Municipal Water Authority Obligations:**

**Dam and Aqueduct System Obligation.** The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 11. During 2010, CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Bureau of Reclamation Prepayment Project) to refund the remaining balance of the 1999 issuance, as further discussed later in Note 8.

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



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

In 1999 CRMWA issued debt to refund the 1996 debt that was used to purchase water rights and to provide funding for the completions of the conjunctive use groundwater project. The City is obligated to CRMWA for their portion of the project. The original portion of the 1999 debt that the City is obligated for was \$2,353,354. During the year ended September 30, 2005, a portion of this debt was refunded by the issuance of new debt, as described below. During 2010 CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Conjunctive Use Groundwater Supply Project) to refund the remaining balance of the 1999 issuance, as further discussed later in Note 8.

During the year ended September 30, 2005, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2005 for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,725,438, which is 5.720% of the total. The bonds were issued at a premium, with the City's portion being \$116,869, which along with issuance costs of \$22,136, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the bonds as of September 30, 2010 was \$1,725,438.

Also during the year ended September 30, 2005, CRMWA issued the Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2005, (the "2005 Refunding Bonds") to refund a portion of the 2010 through 2020 maturities of the Canadian River Municipal Water Authority Contract Revenue and Refunding Bonds, Series 1999, (the "1999 Refunding Bonds"), in order to achieve debt service savings and to pay costs related to the issuance of the bonds. The 2005 Refunding Bonds bear interest at a rate of 3% to 5%, payable beginning in 2006 through 2020. The City's portion of the 2005 Refunding Bonds was 4.455%, which amounted to \$1,258,983. The bonds were issued at a premium of \$99,701 to the City, which along with issuance costs of \$17,121 are being amortized over the life of the bonds using the effective interest method. The City's portion of the amount contributed by CRMWA to advance refund the debt was \$24,503. The net difference in the carrying amount of the refunded debt and the newly issued debt was a loss of \$115,594, which is also being amortized over the life of the bonds using the effective interest method. Cash and securities sufficient to fund the 1999 Refunding Bonds have been transferred into an irrevocable trust, and therefore, an in-substance defeasance of these obligations has occurred. Accordingly, the 1999 Refunding Bonds that were advance refunded are no longer reflected on the City's financial statements. This advance refunding resulted in a reduction of future debt service payments to the City of \$84,305, and resulted in an economic gain of \$67,083. The balance of the 2005 refunding bonds as of September 30, 2010 was \$1,148,945.

During the year ended September 30, 2006, CRMWA issued new debt, the Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2006 (the "2006 Revenue Bonds") for the purpose of acquiring additional water rights for its member cities. Each of the member cities has a proportional interest in the debt, with the City's portion of the debt issuance being \$1,804,488, which is 3.677% of the total. The bonds were issued at a premium, with the City's portion being \$68,316, which along with issuance costs of \$34,303, are being amortized by the City over the life of the bonds using the effective interest method. The balance of the 2006 Revenue Bonds as of September 30, 2010 was \$1,630,198.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

During the year ended September 30, 2010, CRMWA issued \$21,105,000 in Canadian River Municipal Water Authority Contract Revenue Bonds, Series 2009 Conjunctive Use Groundwater Supply Project, (the "2009 Conjunctive Use Obligations"). Proceeds from the sale of the 2009 Conjunctive Use Obligations will be used (1) to pay acquisition costs for Project Expansion of the Conjunctive Use Groundwater Supply Project; (2) to fund a Reserve Fund; and (3) to pay professional fees; and (4) to pay costs of issuance of the 2009 Conjunctive Use Obligations. Interest on the 2009 Conjunctive Use Obligations will be from 3.0% to 5.0%, with maturities ranging from 2011 to 2029. CRMWA expects to finance the debt service requirements of the 2009 Conjunctive Use Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2009 Conjunctive Use Obligations is 3.60%, or approximately \$759,780. The balance of the 2009 Revenue Bonds as of September 30, 2010 was \$759,780.

Also during the year ended September 30, 2010, CRMWA issued \$5,235,000 in Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 Conjunctive Use Groundwater Supply Project, (the "2010 Conjunctive Use Obligations"). Proceeds from the sale of the 2010 Conjunctive Use Obligations will be used (1) to refund a portion of CRMWA's Contract Revenue and Refunding Bonds, Series 1999 Conjunctive Use Groundwater Supply Project Refunding Bonds; (2) to fund a Reserve Fund; and (3) to pay costs of issuance of the 2010 Conjunctive Use Obligations. Interest on the 2010 Conjunctive Use Obligations will be from 3.0% to 3.5%, with maturities ranging from 2011 to 2020. CRMWA expects to finance the debt service requirements of the 2010 Conjunctive Use Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2010 Conjunctive Use Obligations is 4.455%, or approximately \$233,219. The balance of the 2010 Refunding Conjunctive Use Obligations Refunding Bonds as of September 30, 2010 was \$233,219

Also during the year ended September 30, 2010, CRMWA issued \$10,520,000 in Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 Bureau of Reclamation Prepayment Project, (the "2010 Reclamation Obligations"). Proceeds from the sale of the 2010 Reclamation Obligations will be used (1) to refund all of CRMWA's Contract Revenue and Refunding Bonds, Series 1999 Reclamation Prepayment Project Refunding Bonds; (2) to fund a Reserve Fund; and (3) to pay professional fees; and (4) to pay costs of issuance of the 2010 Reclamation Obligations. Interest on the 2010 Reclamation Obligations will be from 2.0% to 3.5%, with maturities ranging from 2010 to 2018. CRMWA expects to finance the debt service requirements of the 2010 Reclamation Obligations from each of the member cities of CRMWA, which includes the City of Pampa. The City's share of the 2010 Reclamation Obligations is 11.021%, or approximately \$1,159,409. The balance of the 2010 Reclamation Obligations Refunding Bonds as of September 30, 2010 was \$1,034,872.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 320,808	\$ 292,064	\$ 612,872
2012	332,532	279,626	612,158
2013	346,613	266,379	612,992
2014	360,698	251,931	612,629
2015	376,886	236,143	613,029
2016 - 2020	2,054,992	912,046	2,967,038
2021 - 2025	2,227,591	409,194	2,636,785
2026 - 2030	512,331	38,640	550,971
	<u>\$ 6,532,451</u>	<u>\$ 2,686,023</u>	<u>\$ 9,218,474</u>

As discussed above, as CRMWA issues Revenue Bonds in its name for the various stages of the project each member city will be obligated to CRMWA for their portion of the bond. This obligation will be payable over a 20 year life plus interest. It is estimated that no additional costs are due from the City as of September 30, 2010.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

Long-term liability activity for the year ended September 30, 2010 was as follows:

<b>Governmental activities:</b>	<b>Balance October 1, 2009</b>	<b>Additions</b>	<b>Reductions</b>	<b>Balance September 30, 2010</b>	<b>Due Within One Year</b>
Bonds payable:					
General obligation bonds	\$ 4,216,046	\$ -	\$ 449,839	\$ 3,766,207	\$ 393,695
Add: Unamortized bond premiums	116,686	-	-	116,686	-
Less: Deferred gain (loss) on refunding	(439,394)	-	-	(439,394)	-
Less: Unamortized bond issuance costs	(92,532)	-	(2,767)	(89,765)	-
Capital leases	19,587	142,498	19,587	142,498	26,270
Compensated absences	<u>369,969</u>	<u>401,926</u>	<u>369,969</u>	<u>401,926</u>	<u>-</u>
Total Governmental Activities long-term liabilities	<u>\$ 4,190,362</u>	<u>\$ 544,424</u>	<u>\$ 836,628</u>	<u>\$ 3,898,158</u>	<u>\$ 419,965</u>
<b>Business-type activities:</b>					
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 15,122,885	\$ -	\$ 630,161	\$ 14,492,724	\$ 736,304
CRMWA obligations	5,971,338	2,152,408	1,591,295	6,532,451	320,808
Add: Unamortized bond premiums	572,591	-	65,089	507,502	-
Less: Deferred gain (loss) on refunding	74,128	-	23,968	50,160	-
Less: Unamortized bond issuance costs	<u>(401,774)</u>	<u>-</u>	<u>(40,727)</u>	<u>(361,047)</u>	<u>-</u>
Total bonds payable	21,339,168	2,152,408	2,269,786	21,221,790	1,057,112
Landfill closure liability	904,424	450,303	164,567	1,190,160	-
Capital leases	269,250	-	219,112	50,138	23,840
Compensated absences	58,053	55,891	58,053	55,891	41,919
CRMWA note	<u>102,399</u>	<u>-</u>	<u>10,240</u>	<u>92,159</u>	<u>10,240</u>
Total Business-type Activities long-term liabilities	<u>\$ 22,673,294</u>	<u>\$ 2,658,602</u>	<u>\$ 2,721,758</u>	<u>\$ 22,610,138</u>	<u>\$ 1,133,111</u>

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

The composition of interfund balances as of September 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>				<u>Total</u>
	<u>General Fund</u>	<u>M.K. Brown Permanent Fund</u>	<u>Internal Service Fund</u>	<u>Nonmajor Enterprise Funds</u>	
General Fund	\$ -	\$ 32,010	\$ 4,694	\$ 289,587	\$ 326,291
Water and Sewer Fund	-	-	-	34	34
Debt Service	1,323	-	-	-	1,323
	<u>\$ 1,323</u>	<u>\$ 32,010</u>	<u>\$ 4,694</u>	<u>\$ 289,621</u>	<u>\$ 327,648</u>

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

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

<u>Transfers out</u>	<u>General</u>	<u>Transfers In</u>					<u>Total</u>
		<u>Nonmajor Governmental Funds</u>	<u>Solid Waste Management Fund</u>	<u>Aquatics Center Fund</u>	<u>Water and Sewer Fund</u>	<u>Nonmajor Enterprise Funds</u>	
General fund	\$ -	\$ 290,000	\$ -	\$ -	\$ -	\$ 135,000	\$ 425,000
Debt service fund	37,667	-	309,553	177,489	595,134	3,505	1,123,348
Nonmajor governmental funds	18,000	4,366	-	-	-	-	22,366
Water and Sewer Fund	125,150	-	-	100,000	-	-	225,150
Total	<u>\$ 180,817</u>	<u>\$ 294,366</u>	<u>\$ 309,553</u>	<u>\$ 277,489</u>	<u>\$ 595,134</u>	<u>\$ 138,505</u>	<u>\$ 1,795,864</u>

Inter-fund transfers were done in order to supplement the operations of the M.K. Brown Auditorium, the Lovett Memorial Library, the Municipal Golf Course; to transfer funds in order to fund debt service payments; and to transfer funds to clear out inter-fund receivables and payables between various funds. In addition to the above cash transfers, capital assets with a net book value of \$38,643 were transferred between the Golf Course Fund and the Governmental Activities. The capital asset transfers are reported on the fund financial statements for the enterprise funds, but are excluded from the governmental activities' fund financial statements under GAAP.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

At September 30, 2010, the City had the following commitment:

During the year ended September 30, 2010, the City entered into a construction contract with The Fain Group for the construction of the Pampa Family Aquatic Center. Under the terms of the construction contract the total project cost to the City will be \$4,162,703, including approved change orders. As of September 30, 2010 the City had paid total construction costs of \$828,756 for the portion of completed construction in progress. The remaining \$3,333,947 will likely be paid during fiscal year 2010-2011, as construction of the aquatic park is anticipated to be completed during 2011.

At September 30, 2010, the 4BEDC had the following commitments and contingencies:

On August 10, 2007, the 4BEDC entered into a loan agreement with a limited partnership whereby the 4BEDC will loan the limited partnership funds to be used to help finance the construction of 76 single-family rental units in the City. Under the terms of the agreement, the 4BEDC has agreed to loan up to \$525,000 for a term of two years at an interest rate of 4.5%. The loan proceeds will be advanced to the limited partnership upon certification by the Gray County Appraisal District that at least 80% of the proposed improvements upon the property have been completed. The limited partnership has an option to extend the term of the loan agreement for an additional six month period upon notice to the 4BEDC. The loan agreement will be secured by a Deed of Trust on the property to be constructed. As of September 30, 2010, no funds had been advanced to the limited partnership. As of February 2011 the 4BEDC was notified by the Gray County Appraisal District that the project was 80% complete, at which point the loan proceeds were paid to the borrower.

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

During the year ended September 30, 2009, the 4BEDC first entered into a cooperative agreement with The Entrepreneur Alliance, Inc. to help existing and new businesses succeed in retail. Under the cooperative agreement, the 4BEDC agreed to pay one-third of the total cost of \$105,000 of the program. The 4BEDC's share is \$35,000. The remaining two-thirds of the project will be paid \$35,000 by the Borger Economic Development Corporation and \$35,000 by either The Entrepreneur Alliance, Inc. or another community. The contract will come up for renewal annually. During the year ended September 30, 2010, the 4BEDC paid \$35,000 for renewal under the cooperative agreement.

During the year ended September 30, 2009, the 4BEDC entered into a note agreement with an individual whereby the 4BEDC loaned \$60,000 for their business. The terms of the loan agreement are further discussed in Note 19. Under the agreement, up to 50% of the loan proceeds, \$30,000, may be converted to a grant to the individual upon the individual meeting certain conditions for hiring full-time employees. As of September 30, 2009, the 4BEDC had funded the loan to the individual; however, the amount of the loan that may be converted to a grant is unknown as of September 30, 2010.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

During the year ended September 30, 2009, the 4BEDC awarded a \$500,000 grant to the City for the purpose of funding a portion of the construction costs for the new Aquatics Center to be built and operated by the City. In addition, the 4BEDC awarded 20% of the 4BEDC's gross sales tax revenues for a period of 12 months beginning June, 2009 through May, 2010 also to help fund construction of the Aquatics Center. As of September 30, 2009, the 4BEDC had paid the initial \$500,000 grant, along with the sales tax revenues for the months of June and July, 2009 in the amounts of \$20,769 and \$16,387, respectively. The 4BEDC owed the City \$15,900 and \$19,080 for sales tax revenues for the months of August and September, 2009, respectively, which was paid subsequent to year end. As of September 30, 2010, the 4BEDC paid \$138,203 to the City for sales tax revenues collected from October, 2009 to May, 2010, and there is no further obligation under the agreement by the 4BEDC.

In September, 2009 the 4BEDC's board of directors approved an additional \$250,000 grant to the City for additional funding of the Aquatics Center construction. Under the grant, the 4BEDC is to pay the City the \$250,000, and if the City is successful in obtaining a \$500,000 grant from the Texas Parks and Wildlife Department, the City will return the \$250,000 to the 4BEDC. The final approval of the grant was not made by the City until November, 2009. The \$250,000 grant was paid to the City in December, 2009. The City was notified in the current year that they would not receive any funds from the Texas Parks and Wildlife grant, and will not return the \$250,000 to the 4BEDC. There are no further obligations by either party.

During the year ended September 30, 2010, the 4BEDC's board of directors approved a grant for \$25,000 to the Gray Pampa Community Fund, a component fund of the Amarillo Area Foundation. The grant funds will be used to enhance programs, improve quality of life, and meet the needs of the community through scholarships and project. The 4BEDC funded the grant in the current year, and there are no further obligations under the grant by the 4BEDC.

During the year ended September 30, 2010, the 4BEDC's board of directors approved a grant for \$25,000 to the City of Pampa for the purchase and installation of 8 surveillance cameras for the City's parks. The 4BEDC funded the grant in November, 2010, and there are no further obligations under the grant by the 4BEDC.

During the year ended September 30, 2010, the 4BEDC's board of directors approved a grant for \$9,000 to the City of Pampa for the purchase of a marquee sign at the recreational park. The grant was contingent upon the City of Pampa raising \$25,000 from other sources. The 4BEDC funded the grant in the current year after the City raised the required funds, and there are no further obligations under the grant by the 4BEDC.

During the year ended September 30, 2010, the 4BEDC's board of directors approved a grant for \$9,999 to the Top O' Texas Rodeo Association for the purchase of supplies for construction of 60 horse stalls at the Rodeo Arena. As of February, 2011, the 4BEDC had not funded the grant.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

In September 2010 the 4BEDC board approved a \$150,000 grant to the Clarendon College - Pampa Center for the purchase of EMS equipment and training materials, SimMan plus software and maintenance for an EMS class starting the fall 2010 semester. The equipment, including the SimMan is required for the Course. The grant was funded in December 2010, and it appears that there is no further obligation for the 4BEDC under the grant. The grant includes both a time restriction and a purpose restriction placed upon it. The time restriction is for the fall semester, which does not begin until the 4BEDC's 2011 fiscal year and the purpose restriction is for the purchase of equipment, software, and training materials. Under GASB 33 – Accounting and Financial Reporting for Non-exchange Transactions, it appears this transaction falls under the category of a voluntary non-exchange transaction, with both a time and purpose restriction. GASB 33 states that these transactions should not be recognized until all required restrictions are met; therefore, the transaction will be recognized in the year ended September 30, 2011 for the 4BEDC.

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

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

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

**NOTE 12. EMPLOYEE RETIREMENT SYSTEM:**

**Plan Description**

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

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



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

	<u>Plan Year 2010</u>	<u>Plan Year 2009</u>	<u>Plan Year 2008</u>
Employee deposit rate	5.0%	5.0%	5.0%
Matching ratio (City to employee)	2 to 1	2 to 1	2 to 1
Years required for vesting	5	5	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers	100% Repeating, Transfers
Annuity Increase (to retirees)	70% of CPI, Repeating	70% of CPI, Repeating	70% of CPI, Repeating

**Contributions**

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

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

	<u>Fiscal Year Ending 2010</u>	<u>Fiscal Year Ending 2009</u>	<u>Fiscal Year Ending 2008</u>
Annual pension cost (APC)	\$ 1,044,313	\$ 951,738	\$ 722,532
Actual contributions made	\$ 1,044,313	\$ 951,738	\$ 722,532
Percentage of APC contributed	100%	100%	100%
Net pension obligation/(asset)	\$ -	\$ -	\$ -
Annual required contribution rate	18.04%	17.91%	13.44%

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
Actuarial cost method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 equivalent single amortization period	28 years - closed period	29 years - closed period	30 years - closed period
Amortization period for new gains/losses	30 years	30 years	30 years
Asset valuation method	10-year Smoothed Market	Amortized cost	Amortized cost
Assumptions:			
Investment rate of return	7.5%	7.5%	7.0%
Projected salary increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes inflation at	3.0%	3.0%	3.0%
Cost-of-living adjustments	2.1%	2.1%	2.1%

The funded status as of December 31, 2009, the most recent actuarial valuation date, is as follows:

Actuarial valuation date	<u>12/31/2009</u>	<u>12/31/2008</u>	<u>12/31/2007</u>
Actuarial value of assets	\$ 7,619,527	\$ 7,285,575	\$ 7,798,790
Actuarial accrued liability (AAL)	\$ 17,859,548	\$ 17,345,276	\$ 17,620,563
Funded ratio	42.7%	42.0%	44.3%
Unfunded AAL (UAAL)	\$ 10,240,021	\$ 10,059,701	\$ 9,821,773
Covered payroll	\$ 5,718,132	\$ 5,554,397	\$ 4,923,175
UAAL as % of covered payroll	179.1%	181.1%	199.5%

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

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

The City’s contributions to the TMRS SDBF for the years ended 2010, 2009, and 2008 were \$16,869, \$19,175, and \$20,531, respectively, which equaled the required contributions each year.

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

Calendar year	2009	2008	2007
Annual required contribution rate (ARC)	0.13%	0.16%	0.17%
Actual contribution rate made	0.13%	0.16%	0.17%
Percentage of ARC contributed	100%	100%	100%

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

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

The amount of general obligation defeased debt outstanding, but removed from the City’s financial statements amounted to \$1,625,000, for the 1999 Obligations. The 1999 Obligations were paid in full during the year.

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

In addition to the pension benefits described in Note 12, the City provides post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retire at age 55 or older with a minimum 15 years of service or to an employee who retires at any age and has had a minimum of 25 years of service. As of September 30, 2010, 20 retirees meet those eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled, are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2010, no former employees were covered under the COBRA provisions.

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

	<u>Expenditures</u>	<u>Retiree Reimbursements</u>	<u>Net Cost to City</u>
Retirees	\$ 72,820	\$ 47,120	\$ 25,700

**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.

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

Unpaid claims liabilities are recorded in the dental benefit internal service fund for dental care claims. The following represents the changes in estimated aggregate liabilities for the City from October 1, 2008 to September 30, 2010:

	<b>Dental Benefits</b>
Liability balance, October 1, 2008	\$ 2,219
Claims and changes in estimates	56,827
Claims payments	(55,895)
Liability balance, September 30, 2009	3,151
Claims and changes in estimates	73,092
Claims payments	(72,826)
Liability balance, September 30, 2010	\$ 3,417

**NOTE 16. DEFERRED COMPENSATION PLAN:**

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

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

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

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 16. DEFERRED COMPENSATION PLAN (continued):**

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

**NOTE 17. LANDFILL PERMIT:**

The City was approved for additional permitting for the City's landfill with the State of Texas on December 29, 1995. The additional permitting should increase capacity of the City's landfill to a level which will meet the needs of the City for at least 64 years. The City has incurred costs to date to obtain the permit of \$690,786. On October 8, 1998, the new landfill opened and the City began to amortize the costs as a charge to operations based on an estimate of capacity used to total capacity of the new landfill. The estimated usage to date is 12.2%, resulting in \$84,276 of permit costs being amortized through September 30, 2010.

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

In response to criteria adopted by the U.S. Environmental Protection Agency which established closure requirements for all municipal solid waste landfills that receive solid waste after October 9, 1993, the Governmental Accounting Standards Board issued Statement No. 18 "Accounting for Municipal Solid Waste Landfill Closure and Post-closure Care Costs." State and federal laws and regulations require the City to place a final cover on its existing landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for thirty years after closure. Although closure and post-closure care costs will be paid only near or after the date that the landfill stops accepting waste, GASB Statement 18 requires the City to report a portion of these closure and post-closure care costs as an operating expense in each period the landfill is open based on landfill capacity used as of each balance sheet date. These closure and post-closure costs are updated annually based upon what it would cost to perform all closure and post-closure care in 2010.

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

Landfill permit 589A had originally been estimated to have a total of eight cells, but in recent years has been able to be expanded to include a total of ten cells. Cells one through four had been filled in previous years and covered in accordance with both State and Federal regulations. During the year ended September 30, 2009, the City completed usage of cells five through eight and covered these cells also in accordance with State and Federal regulations. 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, 2010**

**NOTE 18. LANDFILL CLOSURE AND POSTCLOSURE 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. During the year ended September 30, 2010 the City through consultations between its outside engineers and the City's public works department were able to estimate revised closure and post-closure costs for permit 589A. Based upon the revised estimates the future estimated closure and post-closure costs for permit 589A were determined to be \$189,079 and \$401,256 respectively. In accordance with GASB Statement No. 18, the City records the incurred liability for closure and post-closure costs based on the filled portion of the landfill's estimated total capacity. As of September 30, 2010, the capacity used to date for permit 589A was estimated to be 81%, resulting in estimated liabilities for closure and post-closure costs of \$153,154 and 325,017 respectively. The effects of the revised closure and post-closure cost liability estimates were recorded as current year transactions on the City's financial statements.

Landfill permit 2238 has been estimated to have a total of sixteen cells, with an estimated life of approximately 64 years. Through September 30, 2010, 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 updated closure and post-closure cost estimates for Permit 2238. Based upon the revised estimates the future estimated closure and post-closure costs for permit 589A were determined to be \$3,400,162 and \$2,435,812 respectively. As of September 30, 2010, the capacity used to date for permit 2238 was estimated to be 12.2%, resulting in estimated liabilities for closure and post-closure costs of \$414,820 and 297,169 respectively. The effects of the revised closure and post-closure cost liability estimates were recorded as current year transactions on the City's financial statements.

The recording of updated estimated landfill closure and post-closure cost liability estimates for both of the City's landfill permits discussed above resulted in \$285,736 being recorded as landfill closure cost expense on the City's financial statements.

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

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

**CITY OF PAMPA, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

<u>Type of Expenditure</u>	<u>Cost Estimate</u>		
	<u>Old Landfill</u>	<u>New Landfill</u>	<u>Total</u>
Closure costs	\$ 189,079	\$ 3,400,162	\$ 3,589,241
Post-closure care costs	401,256	2,435,812	2,837,068
	\$ 590,335	\$ 5,835,974	\$ 6,426,309

The City's financial ratio is as follows:

Total closure and post-closure costs	6,426,309	=	30.10%
Total City revenue	21,352,334		

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

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

**NOTE 19. NOTES RECEIVABLE:**

On May 1, 2007, the 4BEDC entered into a loan agreement with a limited liability company (the "LLC"). Under the terms of the note agreement, the 4BEDC has loaned the LLC \$75,000 at an interest rate of 9.25%. Payments on the note began on June 1, 2007, with principal and interest at 9.25% being payable in monthly installments of \$2,988. As of September 30, 2010, the outstanding balance of the loan was \$-0-, as the note was paid in full in December, 2009.



**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

**NOTE 19. NOTES RECEIVABLE (continued):**

On August 3, 2009, the 4BEDC entered into a loan agreement with an individual. Under the terms of the note agreement, the 4BEDC has loaned the individual \$60,000 at an interest rate of 5%. Payments on the note began on September 3, 2009, and are to be paid monthly in the amount of \$1,132 until August 3, 2014, at which time the entire amount of principal and accrued, unpaid interest are due. The note is secured by security agreement and a lien reservation on various equipment. As of September 30, 2010, the outstanding balance of the loan was \$49,167. Based upon the terms of the note, the loan is expected to be repaid to the 4BEDC as follows:

<b>Fiscal year ending September 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total</b>
2011	\$ 12,362	\$ 2,357	\$ 14,719
2012	12,020	1,567	13,587
2013	12,635	952	13,587
2014	12,150	306	12,456
	<u>\$ 49,167</u>	<u>\$ 5,182</u>	<u>\$ 54,349</u>

**NOTE 20. SUBSEQUENT EVENTS:**

The City's management has evaluated subsequent events. The following were the items noted by the City's management:

**4BEDC Grants:**

In February, 2011, the 4BEDC's board of directors approved a \$75,000 grant to the City to fund a demolition program to clean up Pampa. After the \$75,000 grant is paid, the 4BEDC has no further obligations under the grant.

In February, 2011, the 4BEDC's board of directors approved a forgivable \$30,000 loan to Jeffries Enterprise, Inc. The forgiveness of the loan will be contingent on the number of full time employees hired in a given year by Jeffries Enterprise, Inc. For each full time employee hired in the first year, \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$4,000 per employee in the second year, \$3,000 per employee in the third year, and \$2,000 per employee in the fourth year. Total loan forgiveness is not to exceed \$30,000. Jefferies Enterprise Inc.'s tax records will be provided to the 4BEDC to validate current employees at the time of the agreement and additional full time employees hired and the related hours worked. If Jefferies Enterprises Inc. fails to hire the additional and anticipated employees per the agreement, payments on the loan will begin on June 1, 2016, not exceeding \$500 per month including principal and interest. Upon the hiring of the additional employees, or payment in full on the loan, there will be no further obligations to the 4BEDC under the agreement.

**CITY OF PAMPA, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

**4BEDC Grants (continued):**

In February, 2011, the 4BEDC's board of directors approved the renewal of the cooperative agreement between the Entrepreneur Alliance, Incorporated and the 4BEDC in the amount of \$35,000 to help existing and new businesses. The cooperative agreement is also included in Note 10 above. After the \$35,000 renewal is paid, the 4BEDC has no further obligations under the agreement.

**Construction commitments:**

In November, 2010, the City of Pampa awarded a bid in the amount of \$273,561 to Triple L Utilities, Inc. of Dumas, Texas for the Texas Department of Rural Affairs Distribution System Improvement Project. In January, 2011, a motion was made by the City Commissioners to amend the bid award to Triple L Utilities, Inc. by deleting bid items No. 6 and No. 7, resulting in an amended bid award amount of \$188,826. The amendment to the original bid award was passed.

**4BEDC Activities:**

On March 1, 2011, the board of directors approved a project to develop an industrial park in Gray County, Texas. Included in this project the board authorized the 4BEDC to enter into a membership interest purchase agreement to acquire 100% of the membership interest in Pampa Energy Center LLC. The board authorized the use of \$500,000 of reserve cash, and authorized the borrowing of \$2,500,000 from local lending institutions to complete this purchase transaction, as well as authorizing a \$600,000 capital contribution to the Pampa Center LLC for operating and administrative purposes upon closing the of the membership interest purchase agreement. Additionally the 4BEDC was authorized to enter into a project outside of the City limits of Pampa, Texas.

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**REQUIRED  
SUPPLEMENTARY  
INFORMATION**

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

<b>Fiscal Year</b>	<b>(1) Actuarial Value of Assets</b>	<b>(2) Actuarial Accrued Liability</b>	<b>(3) Percentage Funded (1)/(2)</b>	<b>(4) Unfunded Actuarial Liability (2) - (1)</b>	<b>(5) Annual Covered Payroll</b>	<b>(6) Unfunded Actuarial Accrued Liability as a Percentage of Annual Covered Payroll (4)/(5)</b>
2010	\$ 7,619,527	\$ 17,859,548	42.7%	\$ 10,240,021	\$ 5,718,132	179.1%
2009	7,285,575	17,345,276	42.0%	10,059,701	5,554,397	181.1%
2008	7,798,790	17,620,563	44.3%	9,821,773	4,923,175	199.5%
2007	8,572,667	15,389,182	55.7%	6,816,515	4,756,521	143.3%
2006	8,850,675	15,222,288	58.1%	6,371,613	4,450,556	143.2%
2005	9,521,192	15,618,041	61.0%	6,096,849	4,058,614	150.2%
2004	9,660,372	15,615,024	61.9%	5,954,652	3,972,995	149.9%
2003	9,525,566	14,810,780	64.3%	5,285,214	3,676,983	143.7%
2002	9,602,655	14,564,941	65.9%	4,962,286	3,739,277	132.7%
2001	9,620,592	14,235,199	67.6%	4,614,607	3,924,646	117.6%

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

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**COMBINING AND INDIVIDUAL  
FUND STATEMENTS AND  
SCHEDULE**



**CITY OF PAMPA, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2010**

	<b>Special Revenue Funds</b>			
	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>	<b>Economic Development</b>
<b>Assets:</b>				
Cash and cash equivalents	\$ 24,724	\$ 162	\$ 132,245	\$ 361,518
Receivables, net of allowance for uncollectibles	-	83,768	6,230	46
Restricted cash	500	-	-	-
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
	-	-	-	-
<b>Total assets</b>	<b>\$ 25,224</b>	<b>\$ 83,930</b>	<b>\$ 138,475</b>	<b>\$ 361,564</b>
<b>Liabilities and Fund balances:</b>				
<b>Liabilities:</b>				
Accounts payable	\$ -	\$ 16,947	\$ 2,252	\$ -
Accrued expenditures	-	1,149	4,773	-
Due to other funds	-	32,010	-	-
Deferred revenue	-	-	6,230	-
	-	-	6,230	-
<b>Total liabilities</b>	<b>-</b>	<b>50,106</b>	<b>13,255</b>	<b>-</b>
<b>Fund balances:</b>				
<b>Reserved:</b>				
M.K. Brown Auditorium	-	-	-	-
<b>Fund balances - unreserved and undesignated:</b>				
Reported in special revenue funds	25,224	33,824	125,220	361,564
<b>Total fund balances</b>	<b>25,224</b>	<b>33,824</b>	<b>125,220</b>	<b>361,564</b>
<b>Total liabilities and fund balances</b>	<b>\$ 25,224</b>	<b>\$ 83,930</b>	<b>\$ 138,475</b>	<b>\$ 361,564</b>

<b>Total Nonmajor Special Revenue Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 518,649	\$ -	\$ 518,649
90,044	-	90,044
500	3,319	3,819
-	4,585	4,585
-	350,000	350,000
<u>609,193</u>	<u>357,904</u>	<u>967,097</u>

\$ 19,199	\$ -	\$ 19,199
5,922	-	5,922
32,010	-	32,010
6,230	-	6,230
<u>63,361</u>	<u>-</u>	<u>63,361</u>

-	357,904	357,904
<u>545,832</u>	<u>-</u>	<u>545,832</u>
<u>545,832</u>	<u>357,904</u>	<u>903,736</u>
<u>\$ 609,193</u>	<u>\$ 357,904</u>	<u>\$ 967,097</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, 2010**

	<b>Special Revenue Funds</b>			
	<b>Controlled Substances</b>	<b>M.K. Brown Auditorium</b>	<b>Lovett Memorial Library</b>	<b>Economic Development</b>
Revenues:				
Taxes:				
Property taxes	\$ -	\$ -	\$ 163,856	\$ -
Other taxes	-	244,692	-	-
Penalties and interest on taxes	-	-	4,168	-
Intergovernmental	-	-	5,000	-
Charges for services	-	27,452	20	32,000
Fines	-	-	11,364	-
Investment earnings	11	8	111	45
Contributions and donations	7,759	-	12,618	-
Other revenue	400	-	15,000	-
Total revenues	<u>8,170</u>	<u>272,152</u>	<u>212,137</u>	<u>32,045</u>
Expenditures:				
Current:				
General government	-	-	-	1,000
Public safety	2,898	-	-	-
Culture and recreation	-	271,588	451,518	-
Capital outlay	-	6,055	72,319	-
Total expenditures	<u>2,898</u>	<u>277,643</u>	<u>523,837</u>	<u>1,000</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,272</u>	<u>(5,491)</u>	<u>(311,700)</u>	<u>31,045</u>
Other financing sources (uses):				
Transfers in	-	4,366	290,000	-
Transfers out	-	(18,000)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(13,634)</u>	<u>290,000</u>	<u>-</u>
Net change in fund balances	5,272	(19,125)	(21,700)	31,045
Fund balances at beginning of year	<u>19,952</u>	<u>52,949</u>	<u>146,920</u>	<u>330,519</u>
Fund balances at end of year	<u>\$ 25,224</u>	<u>\$ 33,824</u>	<u>\$ 125,220</u>	<u>\$ 361,564</u>

<b>Total Nonmajor Special Revenue Funds</b>	<b>M.K. Brown Permanent Fund</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 163,856	\$ -	\$ 163,856
244,692	-	244,692
4,168	-	4,168
5,000	-	5,000
59,472	-	59,472
11,364	-	11,364
175	10,399	10,574
20,377	-	20,377
15,400	-	15,400
524,504	10,399	534,903
1,000	-	1,000
2,898	-	2,898
723,106	-	723,106
78,374	-	78,374
805,378	-	805,378
(280,874)	10,399	(270,475)
294,366	-	294,366
(18,000)	(4,366)	(22,366)
276,366	(4,366)	272,000
(4,508)	6,033	1,525
550,340	351,871	902,211
\$ 545,832	\$ 357,904	\$ 903,736

**CITY OF PAMPA, TEXAS**  
**COMBINING STATEMENT OF NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**SEPTEMBER 30, 2010**

	<b>Business-type Activities - Enterprise Funds</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
Assets:			
Current assets:			
Cash and cash equivalents	\$ -	\$ 102,232	\$ 102,232
Investments	7,000	-	7,000
Restricted assets - current:			
Cash and cash equivalents	1,079	-	1,079
Receivables - net of uncollectible allowance	3,353	551	3,904
Total current assets	<u>11,432</u>	<u>102,783</u>	<u>114,215</u>
Non-current assets:			
Capital assets:			
Land	545,514	-	545,514
Buildings and improvements	1,208,576	738,592	1,947,168
Vehicles and equipment	302,362	-	302,362
Less: accumulated depreciation and amortization	<u>(791,840)</u>	<u>(275,270)</u>	<u>(1,067,110)</u>
Total non-current assets	<u>1,264,612</u>	<u>463,322</u>	<u>1,727,934</u>
Total assets	<u>1,276,044</u>	<u>566,105</u>	<u>1,842,149</u>
Liabilities:			
Current liabilities:			
Accounts payable	9,517	381	9,898
Due to other funds	168,308	121,313	289,621
Accrued interest payable	774	-	774
Bonds payable - current:			
Revenue bonds and certifications of obligation	1,144	-	1,144
Capital leases payable - current	<u>23,840</u>	<u>-</u>	<u>23,840</u>
Total current liabilities	<u>203,583</u>	<u>121,694</u>	<u>325,277</u>
Non-current liabilities:			
Revenue bonds and certificates of obligation (net)	56,667	-	56,667
Capital leases payable	<u>26,299</u>	<u>-</u>	<u>26,299</u>
Total non-current liabilities	<u>82,966</u>	<u>-</u>	<u>82,966</u>
Total liabilities	<u>286,549</u>	<u>121,694</u>	<u>408,243</u>
Net assets:			
Invested in capital assets, net of related debt	1,156,662	463,322	1,156,662
Restricted for debt service	305	-	463,627
Unrestricted	<u>(167,472)</u>	<u>(18,911)</u>	<u>(186,383)</u>
Total net assets	<u>\$ 989,495</u>	<u>\$ 444,411</u>	<u>\$ 1,433,906</u>

**CITY OF PAMPA, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES AND**  
**CHANGES IN FUND NET ASSETS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

	<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	\$ 282,796	\$ -	\$ 282,796
Rent	-	7,393	7,393
Other revenues	2	-	2
	<u>282,798</u>	<u>7,393</u>	<u>290,191</u>
Total operating revenues			
Operating expenses:			
Contractual services	334,154	28,596	362,750
Supplies and materials	81,195	4,192	85,387
Depreciation and amortization	75,102	29,711	104,813
Intercity charges	29,300	-	29,300
Insurance and claims	5,809	2,740	8,549
	<u>525,560</u>	<u>65,239</u>	<u>590,799</u>
Total operating expenses			
Operating income (loss)	<u>(242,762)</u>	<u>(57,846)</u>	<u>(300,608)</u>
Non-operating revenues (expenses):			
Investment earnings	8	249	257
Interest and fiscal charges	(6,083)	-	(6,083)
	<u>(6,075)</u>	<u>249</u>	<u>(5,826)</u>
Total non-operating revenues (expenses)			
Income (loss) before transfers	(248,837)	(57,597)	(306,434)
Transfers in	<u>177,148</u>	<u>-</u>	<u>177,148</u>
Change in net assets	(71,689)	(57,597)	(129,286)
Total net assets - beginning of year	<u>1,061,184</u>	<u>502,008</u>	<u>1,563,192</u>
Total net assets - end of year	<u>\$ 989,495</u>	<u>\$ 444,411</u>	<u>\$ 1,433,906</u>

**CITY OF PAMPA**  
**STATEMENT OF CASH FLOWS**  
**NONMAJOR PROPRIETARY FUNDS**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<b>Business-type Activities</b>		<b>Total Nonmajor Enterprise Funds</b>
	<b>Enterprise Funds</b>		
	<b>Municipal Golf Course</b>	<b>Leased Properties</b>	
Cash flows from operating activities:			
Receipts from customers and users	\$ 291,190	\$ 6,842	\$ 298,032
Receipts from inter-fund services provided	59,228	28,753	87,981
Payments to suppliers	(417,144)	(35,597)	(452,741)
Payments for inter-fund services used	(29,300)	-	(29,300)
Net cash flows from operating activities	<u>(96,026)</u>	<u>(2)</u>	<u>(96,028)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	138,504	-	138,504
Net cash flows from non-capital financing activities	<u>138,504</u>	<u>-</u>	<u>138,504</u>
Cash flows from capital and related financing activities:			
Principal paid on capital debt	(26,451)	-	(26,451)
Interest paid on capital debt	(9,127)	-	(9,127)
Net cash flows from capital and related financing activities	<u>(35,578)</u>	<u>-</u>	<u>(35,578)</u>
Cash flows from investing activities:			
Interest and dividends received	6	249	255
Purchases of investments(net of redemptions of investments)	(7,000)	-	(7,000)
Net cash flows from investing activities	<u>(6,994)</u>	<u>249</u>	<u>(6,745)</u>
Net increase (decrease) in cash and cash equivalents	(94)	247	153
Cash and cash equivalents at beginning of year	<u>1,173</u>	<u>101,985</u>	<u>103,158</u>
Cash and cash equivalents at end of year	<u>\$ 1,079</u>	<u>\$ 102,232</u>	<u>\$ 103,311</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (242,762)	\$ (57,846)	\$ (300,608)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	75,102	29,711	104,813
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	8,392	(551)	7,841
Increase (decrease) in:			
Accounts payable	4,014	(69)	3,945
Due to other funds	59,228	28,753	87,981
Total adjustments	<u>146,736</u>	<u>57,844</u>	<u>204,580</u>
Net cash provided (used) by operating activities	<u>\$ (96,026)</u>	<u>\$ (2)</u>	<u>\$ (96,028)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ -	\$ 102,232	\$ 102,232
Restricted cash and cash equivalents on balance sheet	<u>1,079</u>	<u>-</u>	<u>1,079</u>
Total cash and cash equivalents	<u>\$ 1,079</u>	<u>\$ 102,232</u>	<u>\$ 103,311</u>
Noncash item: Capital assets were transferred to Governmental Activities during the year, net of accumulated depreciation	<u>\$ 38,644</u>	<u>\$ -</u>	<u>\$ 38,644</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 544,445	\$ 544,445	\$ 507,583	\$ (36,862)
Penalties and interest on taxes	500	500	834	334
Interest	2,600	330	234	(96)
	<u>547,545</u>	<u>545,275</u>	<u>508,651</u>	<u>(36,624)</u>
Total revenues				
Expenditures:				
Debt service:				
Principal retirement	449,855	449,855	449,839	16
Interest and fiscal charges	92,015	92,282	92,282	-
	<u>541,870</u>	<u>542,137</u>	<u>542,121</u>	<u>16</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>5,675</u>	<u>3,138</u>	<u>(33,470)</u>	<u>(36,608)</u>
Other financing sources (uses):				
Transfers in	-	-	-	-
Transfers out	-	-	(1,123,348)	(1,123,348)
	<u>-</u>	<u>-</u>	<u>(1,123,348)</u>	<u>(1,123,348)</u>
Total other financing sources (uses)				
Net change in fund balances	5,675	3,138	(1,156,818)	(1,159,956)
Fund balance at beginning of year	<u>1,206,210</u>	<u>1,206,210</u>	<u>1,206,210</u>	<u>-</u>
Fund balance at end of year	<u>\$ 1,211,885</u>	<u>\$ 1,209,348</u>	<u>\$ 49,392</u>	<u>\$ (1,159,956)</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 48	\$ 48
Total revenues	<u>-</u>	<u>-</u>	<u>48</u>	<u>48</u>
Expenditures:				
Capital outlay:	250,000	2,100	2,061	39
Debt service:				
Bond issuance costs	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>250,000</u>	<u>2,100</u>	<u>2,061</u>	<u>39</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(250,000)</u>	<u>(2,100)</u>	<u>(2,013)</u>	<u>87</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Issuance of bonds	-	-	-	-
Premium on issuance of bonds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(250,000)	(2,100)	(2,013)	87
Fund balances at beginning of year	<u>266,324</u>	<u>266,324</u>	<u>266,324</u>	<u>-</u>
Fund balances at end of year	<u>\$ 16,324</u>	<u>\$ 264,224</u>	<u>\$ 264,311</u>	<u>\$ 87</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Contributions and donations	\$ -	\$ 7,762	\$ 7,759	\$ (3)
Investment earnings	-	11	11	-
Other revenue	-	400	400	-
	<u>-</u>	<u>8,173</u>	<u>8,170</u>	<u>(3)</u>
Total revenues				
Expenditures:				
Current:				
Public safety	-	2,924	2,898	26
	<u>-</u>	<u>2,924</u>	<u>2,898</u>	<u>26</u>
Total expenditures				
Net change in fund balances	-	5,249	5,272	23
Fund balances at beginning of year	<u>19,952</u>	<u>19,952</u>	<u>19,952</u>	<u>-</u>
Fund balances at end of year	<u>\$ 19,952</u>	<u>\$ 25,201</u>	<u>\$ 25,224</u>	<u>\$ 23</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 288,000	\$ 248,000	\$ 244,692	\$ (3,308)
Charges for services	30,000	27,292	27,452	160
Investment earnings	-	8	8	-
Other revenue	-	-	-	-
	<u>318,000</u>	<u>275,300</u>	<u>272,152</u>	<u>(3,148)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	280,806	292,195	271,588	20,607
Capital outlay	30,000	6,066	6,055	11
	<u>310,806</u>	<u>298,261</u>	<u>277,643</u>	<u>20,618</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>7,194</u>	<u>(22,961)</u>	<u>(5,491)</u>	<u>17,470</u>
Other financing sources (uses):				
Transfers in	11,000	4,366	4,366	-
Transfers out	(18,000)	(18,000)	(18,000)	-
	<u>(7,000)</u>	<u>(13,634)</u>	<u>(13,634)</u>	<u>-</u>
Total other financing sources (uses)				
Net change in fund balances	194	(36,595)	(19,125)	17,470
Fund balances at beginning of year	<u>52,949</u>	<u>52,949</u>	<u>52,949</u>	<u>-</u>
Fund balances at end of year	<u>\$ 53,143</u>	<u>\$ 16,354</u>	<u>\$ 33,824</u>	<u>\$ 17,470</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 167,358	\$ 166,465	\$ 163,856	\$ (2,609)
Penalties and interest on taxes	4,800	4,170	4,168	(2)
Intergovernmental	5,000	5,000	5,000	-
Charges for services	150	20	20	-
Fines	10,200	11,370	11,364	(6)
Investment earnings	180	180	111	(69)
Contributions and donations	8,000	12,618	12,618	-
Other revenue	-	15,000	15,000	-
Total revenues	<u>195,688</u>	<u>214,823</u>	<u>212,137</u>	<u>(2,686)</u>
Expenditures:				
Current:				
Culture and recreation	463,926	479,942	451,518	28,424
Capital outlay	<u>82,800</u>	<u>72,319</u>	<u>72,319</u>	<u>-</u>
Total expenditures	<u>546,726</u>	<u>552,261</u>	<u>523,837</u>	<u>28,424</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(351,038)</u>	<u>(337,438)</u>	<u>(311,700)</u>	<u>25,738</u>
Other financing sources (uses):				
Transfers in	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Total other financing sources (uses)	<u>290,000</u>	<u>290,000</u>	<u>290,000</u>	<u>-</u>
Net change in fund balances	(61,038)	(47,438)	(21,700)	25,738
Fund balances at beginning of year	<u>146,920</u>	<u>146,920</u>	<u>146,920</u>	<u>-</u>
Fund balances at end of year	<u>\$ 85,882</u>	<u>\$ 99,482</u>	<u>\$ 125,220</u>	<u>\$ 25,738</u>

**CITY OF PAMPA, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES**  
**BUDGET AND ACTUAL - ECONOMIC DEVELOPMENT**  
**FOR THE FISCAL YEAR ENDED**  
**SEPTEMBER 30, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Charges for services	\$ 24,000	\$ 25,950	\$ 32,000	\$ 6,050
Investment earnings	3,000	50	45	(5)
Total revenues	<u>27,000</u>	<u>26,000</u>	<u>32,045</u>	<u>6,045</u>
Expenditures:				
Current:				
General government	-	1,000	1,000	-
Total expenditures	<u>-</u>	<u>1,000</u>	<u>1,000</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>27,000</u>	<u>25,000</u>	<u>31,045</u>	<u>6,045</u>
Other financing sources (uses):				
Transfers out	-	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	27,000	25,000	31,045	6,045
Fund balances at beginning of year	<u>330,519</u>	<u>330,519</u>	<u>330,519</u>	<u>-</u>
Fund balances at end of year	<u>\$ 357,519</u>	<u>\$ 355,519</u>	<u>\$ 361,564</u>	<u>\$ 6,045</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, 2010**

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 11,000	\$ 10,350	\$ 10,399	\$ 49
Total revenues	<u>11,000</u>	<u>10,350</u>	<u>10,399</u>	<u>49</u>
Expenditures:				
Current:				
Culture and recreation	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over (under) expenditures	<u>11,000</u>	<u>10,350</u>	<u>10,399</u>	<u>49</u>
Other financing sources (uses):				
Transfers out	<u>(11,000)</u>	<u>(6,634)</u>	<u>(4,366)</u>	<u>2,268</u>
Total other financing sources (uses)	<u>(11,000)</u>	<u>(6,634)</u>	<u>(4,366)</u>	<u>2,268</u>
Net change in fund balances	-	3,716	6,033	2,317
Fund balances at beginning of year	<u>351,871</u>	<u>351,871</u>	<u>351,871</u>	<u>-</u>
Fund balances at end of year	<u>\$ 351,871</u>	<u>\$ 355,587</u>	<u>\$ 357,904</u>	<u>\$ 2,317</u>

**CITY OF PAMPA, TEXAS**  
**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES**  
**MUNICIPAL COURT BAIL BOND AGENCY FUND**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

	<u>Balance October 1, 2009</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2010</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ <u>1,866</u>	\$ <u>7,020</u>	\$ <u>7,229</u>	\$ <u>1,657</u>
Total assets	\$ <u><u>1,866</u></u>	\$ <u><u>7,020</u></u>	\$ <u><u>7,229</u></u>	\$ <u><u>1,657</u></u>
Liabilities:				
Deposits	\$ <u>1,866</u>	\$ <u>7,020</u>	\$ <u>7,229</u>	\$ <u>1,657</u>
Total liabilities	\$ <u><u>1,866</u></u>	\$ <u><u>7,020</u></u>	\$ <u><u>7,229</u></u>	\$ <u><u>1,657</u></u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE BY SOURCE**  
**SEPTEMBER 30, 2010**

Governmental funds capital assets (net of accumulated depreciation):	
Land	\$ 210,849
Collection	203,500
Roads	1,463,158
Buildings & improvements	4,361,168
Equipment	3,531,380
Construction in progress	<u>227,502</u>
 Total governmental activities capital assets, net	 \$ <u><u>9,997,557</u></u>
 Investment in governmental activities capital assets by source (net of accumulated depreciation):	
 General fund	 \$ 7,307,437
M.K. Brown Auditorium special revenue fund	1,569,061
Lovett Memorial Library special revenue fund	662,394
Economic Development special revenue fund	<u>458,665</u>
 Total investment in governmental activities capital assets by source (net of accumulated depreciation)	 \$ <u><u>9,997,557</u></u>



**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2010**

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings &amp; Improvements</u>	<u>Construction in Progress</u>	<u>Equipment</u>	<u>Total</u>
General government:							
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ -	\$ 14,790	\$ 18,096
Administrative services	-	-	-	-	-	35,515	35,515
Building & grounds	2,163	-	-	2,751,255	-	335,288	3,088,706
Data processing	-	-	-	-	-	183,084	183,084
Purchasing & central stores	-	-	-	4,632	-	19,047	23,679
Central garage	-	-	-	150,198	-	2,809,674	2,959,872
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>2,906,085</u>	<u>-</u>	<u>3,397,398</u>	<u>6,308,952</u>
Culture and recreation:							
Parks	43,360	95,000	-	343,992	2,061	405,914	890,327
Recreation	-	-	151,789	1,620,801	-	373,767	2,146,357
M.K. Brown Auditorium	-	108,500	-	3,024,776	-	223,901	3,357,177
Lovett Memorial Library	-	-	-	963,434	-	100,810	1,064,244
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>5,953,003</u>	<u>2,061</u>	<u>1,104,392</u>	<u>7,458,105</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>859,936</u>	<u>859,936</u>
Streets and traffic:							
Planning and engineering	-	-	-	-	221,661	104,327	325,988
Streets & traffic control	-	-	18,658,075	31,900	3,780	2,241,567	20,935,322
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>31,900</u>	<u>225,441</u>	<u>2,345,894</u>	<u>21,261,310</u>
Public safety:							
Animal control	-	-	-	18,019	-	29,734	47,753
Police	-	-	-	35,768	-	700,812	736,580
Fire suppression	-	-	-	140,268	-	1,376,199	1,516,467
Fire prevention	-	-	-	-	-	21,602	21,602
Dispatch	-	-	-	-	-	74,070	74,070
Emergency management & civil defense	-	-	-	-	-	391,638	391,638
Code enforcement	-	-	-	-	-	17,914	17,914
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>194,055</u>	<u>-</u>	<u>2,611,969</u>	<u>2,806,024</u>
Blended component unit	<u>162,020</u>	<u>-</u>	<u>-</u>	<u>425,149</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	210,849	203,500	18,809,864	9,510,192	227,502	10,319,589	39,281,496
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>17,346,706</u>	<u>5,149,024</u>	<u>-</u>	<u>6,788,209</u>	<u>29,283,939</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 210,849</u>	<u>\$ 203,500</u>	<u>\$ 1,463,158</u>	<u>\$ 4,361,168</u>	<u>\$ 227,502</u>	<u>\$ 3,531,380</u>	<u>\$ 9,997,557</u>

**CITY OF PAMPA, TEXAS**  
**CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES**  
**SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY**  
**SEPTEMBER 30, 2010**

	<b>Governmental Fund Capital Assets Oct. 1, 2009</b>	<b>Additions and Transfers In</b>	<b>Deletions and Transfers Out</b>	<b>Governmental Fund Capital Assets Sept. 30, 2010</b>
General government:				
Mayor and commission	\$ 3,306	\$ 14,790	\$ -	\$ 18,096
Administrative services	35,515	-	-	35,515
Building & grounds	3,071,727	16,979	-	3,088,706
Data processing	183,084	-	-	183,084
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,910,080	279,095	(229,303)	2,959,872
Subtotal	<u>6,227,391</u>	<u>310,864</u>	<u>(229,303)</u>	<u>6,308,952</u>
Culture and recreation:				
Parks	950,732	50,387	(110,792)	890,327
Recreation	2,091,921	54,436	-	2,146,357
M.K. Brown Auditorium	3,376,000	12,247	(31,070)	3,357,177
Lovett Memorial Library	991,925	72,319	-	1,064,244
Subtotal	<u>7,410,578</u>	<u>189,389</u>	<u>(141,862)</u>	<u>7,458,105</u>
Solid waste collection	<u>641,605</u>	<u>316,592</u>	<u>(98,261)</u>	<u>859,936</u>
Streets and traffic:				
Planning and engineering	318,388	7,600	-	325,988
Streets & traffic control	20,913,253	253,329	(231,260)	20,935,322
Subtotal	<u>21,231,641</u>	<u>260,929</u>	<u>(231,260)</u>	<u>21,261,310</u>
Public safety:				
Animal control	33,881	13,872	-	47,753
Police	729,456	7,124	-	736,580
Fire suppression	1,516,467	-	-	1,516,467
Fire prevention	21,602	-	-	21,602
Dispatch	74,070	-	-	74,070
Emergency management & civil defense	391,638	-	-	391,638
Code enforcement	17,914	-	-	17,914
Subtotal	<u>2,785,028</u>	<u>20,996</u>	<u>-</u>	<u>2,806,024</u>
Blended component unit	<u>587,169</u>	<u>-</u>	<u>-</u>	<u>587,169</u>
Total governmental activities capital assets	<u>\$ 38,883,412</u>	<u>\$ 1,098,770</u>	<u>\$ (700,686)</u>	<u>\$ 39,281,496</u>

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**STATISTICAL DATA**

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**Statistical Section Summary:**

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

**Contents**

**Page**

**Financial Trends**

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

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**Revenue Capacity**

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

135 - 139

**Debt Capacity**

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

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**Demographic and Economic Information**

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

148 - 149

**Operating Information**

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

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**Sources:**

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

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

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

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

Exhibit B-1

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	5,481,656	\$ 6,474,128	\$ 6,537,106	\$ 6,501,325
	960,218	1,388,162	1,824,406	671,607
	<u>3,487,348</u>	<u>3,674,527</u>	<u>3,814,279</u>	<u>4,182,128</u>
	<u>9,929,222</u>	<u>11,536,817</u>	<u>12,175,791</u>	<u>11,355,060</u>
	9,105,903	7,687,577	10,086,334	9,896,072
	1,263,650	3,218,900	1,147,388	2,511,098
	<u>1,104,497</u>	<u>(224,532)</u>	<u>(102,102)</u>	<u>(335,098)</u>
	<u>11,474,050</u>	<u>10,681,945</u>	<u>11,131,620</u>	<u>12,072,072</u>
	14,587,559	14,161,705	16,623,440	16,397,397
	2,223,868	4,607,062	2,971,794	3,182,705
	<u>4,591,845</u>	<u>3,449,995</u>	<u>3,712,177</u>	<u>3,847,030</u>
\$	<u><u>21,403,272</u></u>	<u><u>22,218,762</u></u>	<u><u>23,307,411</u></u>	<u><u>23,427,132</u></u>



**City of Pampa, Texas**

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

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

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

Exhibit B-2

	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	1,625,296	\$ 1,696,033	\$ 1,729,688	\$ 1,726,594
	4,613,920	4,873,940	5,284,691	5,315,710
	1,859,807	2,037,076	2,528,096	2,227,433
	1,091,092	1,021,191	1,138,792	1,095,529
	1,329,075	1,344,516	1,413,423	1,410,324
	156,840	109,164	107,960	89,587
	<u>10,676,030</u>	<u>11,081,920</u>	<u>12,202,650</u>	<u>11,865,177</u>
	5,341,194	6,015,574	6,179,224	6,278,673
	1,364,944	1,551,281	1,801,196	2,216,417
	-	-	78,259	138,002
	431,835	458,651	534,736	531,643
	86,753	99,641	58,399	65,239
	<u>7,224,726</u>	<u>8,125,147</u>	<u>8,651,814</u>	<u>9,229,974</u>
\$	<u>17,900,756</u>	<u>19,207,067</u>	<u>20,854,464</u>	<u>21,095,151</u>
\$	868,156	\$ 888,903	\$ 893,195	\$ 877,752
	563,027	733,560	697,040	562,400
	-	-	-	-
	1,626,841	1,663,875	1,915,718	2,043,726
	112,870	120,789	127,744	110,461
	148,947	223,617	195,221	259,101
	81,195	19,900	-	-
	<u>3,401,036</u>	<u>3,650,644</u>	<u>3,828,918</u>	<u>3,853,440</u>
	5,198,529	5,418,964	6,292,352	6,523,001
	1,406,146	1,372,124	1,602,156	1,625,931
	-	-	-	-
	318,094	323,528	289,132	282,796
	-	-	3,612	7,393
	-	-	-	-
	-	-	622,136	418,204
	<u>6,922,769</u>	<u>7,114,616</u>	<u>8,809,388</u>	<u>8,857,325</u>
\$	<u>10,323,805</u>	<u>10,765,260</u>	<u>12,638,306</u>	<u>12,710,765</u>
\$	(7,274,994)	\$ (7,431,276)	\$ (8,373,732)	\$ (8,011,737)
	(301,957)	(1,010,531)	157,574	(372,649)
\$	<u>(7,576,951)</u>	<u>(8,441,807)</u>	<u>(8,216,158)</u>	<u>(8,384,386)</u>
\$	3,162,567	\$ 3,357,458	\$ 3,568,870	\$ 3,491,082
	3,725,658	3,928,810	3,459,719	3,303,194
	1,448,350	1,579,574	1,317,121	1,371,252
	141,486	91,410	27,199	15,051
	56,719	127,436	309,773	144,601
	(169,346)	(45,817)	(117,016)	(1,134,174)
	-	-	-	-
	<u>8,365,434</u>	<u>9,038,871</u>	<u>8,565,666</u>	<u>7,191,006</u>
	152,911	80,322	54,196	17,681
	198,079	92,287	120,889	161,246
	169,346	45,817	117,016	1,134,174
	<u>520,336</u>	<u>218,426</u>	<u>292,101</u>	<u>1,313,101</u>
\$	<u>8,885,770</u>	<u>9,257,297</u>	<u>8,857,767</u>	<u>8,504,107</u>
\$	1,090,440	\$ 1,607,595	\$ 191,934	\$ (820,731)
	218,379	(792,105)	449,675	940,452
\$	<u>1,308,819</u>	<u>815,490</u>	<u>641,609</u>	<u>119,721</u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
General fund:				
Reserved	\$ 534,385	\$ 558,604	\$ 719,768	\$ 972,075
Unreserved	1,556,036	1,915,721	2,274,400	2,556,061
Total general fund	<u>2,090,421</u>	<u>2,474,325</u>	<u>2,994,168</u>	<u>3,528,136</u>
All other governmental funds:				
Reserved for:				
Debt service	47,201	37,728	95,184	136,518
M.K. Brown Auditorium	368,589	357,816	357,998	360,070
Unreserved, reported in :				
Capital projects fund	23,089	217,479	16,231	16,244
Special revenue funds	169,029	109,265	118,130	364,164
Total all other governmental funds	<u>607,908</u>	<u>722,288</u>	<u>587,543</u>	<u>876,996</u>
Total all governmental funds	<u>\$ 2,698,329</u>	<u>\$ 3,196,613</u>	<u>\$ 3,581,711</u>	<u>\$ 4,405,132</u>

**Exhibit B-3**

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	1,075,448	\$ 943,694	\$ 856,583	\$ 544,982	\$ 773,401	\$ 322,697
	2,335,395	2,326,241	2,085,383	2,766,388	2,776,600	3,622,291
	<u>3,410,843</u>	<u>3,269,935</u>	<u>2,941,966</u>	<u>3,311,370</u>	<u>3,550,001</u>	<u>3,944,988</u>
	171,695	390,547	585,156	1,015,687	1,206,210	49,392
	357,114	355,011	358,292	355,480	351,871	357,904
	137,146	16,351	16,770	16,995	266,324	264,311
	<u>16,274</u>	<u>535,985</u>	<u>593,099</u>	<u>561,212</u>	<u>550,340</u>	<u>545,832</u>
	<u>682,229</u>	<u>1,297,894</u>	<u>1,553,317</u>	<u>1,949,374</u>	<u>2,374,745</u>	<u>1,217,439</u>
\$	<u><u>4,093,072</u></u>	<u><u>4,567,829</u></u>	<u><u>4,495,283</u></u>	<u><u>5,260,744</u></u>	<u><u>5,924,746</u></u>	<u><u>5,162,427</u></u>

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
<b>Revenues</b>				
Taxes	\$ 5,848,549	\$ 5,836,287	\$ 5,990,229	\$ 6,338,042
Charges for services	2,291,163	2,376,750	2,443,732	2,468,371
Fines & forfeitures	204,021	219,465	300,203	355,330
Interest	91,071	48,360	37,401	42,115
Intergovernmental	246,216	228,055	213,434	353,293
Licenses & permits	33,360	24,895	19,555	43,494
Miscellaneous	131,050	57,474	117,352	94,881
Total revenues	<u>8,845,430</u>	<u>8,791,286</u>	<u>9,121,906</u>	<u>9,695,526</u>
<b>Expenditures</b>				
General government	1,552,110	1,539,367	1,085,722	1,149,982
Public safety	3,230,111	3,087,272	3,393,357	3,489,623
Streets & traffic	1,166,801	1,367,860	1,248,727	1,418,593
Solid waste management	701,653	652,149	651,578	688,353
Culture & recreation	665,732	665,332	905,365	951,259
Capital outlay	336,998	687,658	384,365	196,499
Debt service:				
Interest and fiscal charges	303,474	265,432	323,359	289,548
Principal	801,437	1,005,686	710,672	662,502
Total expenditures	<u>8,758,316</u>	<u>9,270,756</u>	<u>8,703,145</u>	<u>8,846,359</u>
Excess of revenues over (under) expenditures	<u>87,114</u>	<u>(479,470)</u>	<u>418,761</u>	<u>849,167</u>
<b>Other Financing Sources (Uses)</b>				
Proceeds from borrowing	114,531	3,731,920	-	-
Payments to escrow agent	-	(2,768,935)	-	-
Sale of assets	1,107	76,505	2,073	9,989
Transfers in	343,272	299,150	292,736	424,736
Transfers out	(424,858)	(360,886)	(328,472)	(460,472)
Total other financing sources (uses)	<u>34,052</u>	<u>977,754</u>	<u>(33,663)</u>	<u>(25,747)</u>
Special item - Transfer of assets	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	<u>\$ 121,166</u>	<u>\$ 498,284</u>	<u>\$ 385,098</u>	<u>\$ 823,420</u>
Debt service as a percentage of non-capital expenditures	<u>13.12%</u>	<u>14.81%</u>	<u>12.43%</u>	<u>11.01%</u>

Exhibit B-4

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$	6,760,822	\$ 7,542,429	\$ 8,357,972	\$ 9,003,564	\$ 8,361,560	\$ 8,162,945
	2,585,039	2,683,810	2,772,483	2,873,142	3,152,090	3,269,010
	344,555	390,166	380,748	516,236	495,386	342,124
	76,227	115,536	141,486	91,396	27,194	15,048
	327,518	283,696	191,245	118,200	115,271	167,866
	46,982	40,261	59,120	87,919	55,870	69,035
	293,878	125,718	136,721	252,753	395,476	290,063
	<u>10,435,021</u>	<u>11,181,616</u>	<u>12,039,775</u>	<u>12,943,210</u>	<u>12,602,847</u>	<u>12,316,091</u>
	1,142,833	1,330,461	1,340,681	1,326,259	1,366,487	1,421,703
	3,829,780	4,123,268	4,464,962	4,702,906	5,055,916	5,128,780
	1,655,490	1,532,716	1,503,454	1,729,595	2,245,070	1,903,806
	768,086	895,823	1,036,806	959,851	1,050,281	997,336
	996,433	1,087,183	1,154,552	1,168,576	1,193,793	1,117,380
	1,455,714	1,900,327	1,674,685	1,990,161	939,946	994,215
	262,095	210,925	136,953	121,385	117,474	93,970
	649,696	683,364	630,882	555,231	573,036	468,187
	<u>10,760,127</u>	<u>11,764,067</u>	<u>11,942,975</u>	<u>12,553,964</u>	<u>12,542,003</u>	<u>12,125,377</u>
	<u>(325,106)</u>	<u>(582,451)</u>	<u>96,800</u>	<u>389,246</u>	<u>60,844</u>	<u>190,714</u>
	139,113	2,604,237	-	422,029	256,641	142,498
	-	(2,102,414)	-	-	-	-
	-	-	-	-	-	-
	352,085	674,900	529,907	758,939	464,131	475,183
	<u>(478,151)</u>	<u>(707,788)</u>	<u>(699,253)</u>	<u>(804,756)</u>	<u>(564,654)</u>	<u>(1,570,714)</u>
	<u>13,047</u>	<u>468,935</u>	<u>(169,346)</u>	<u>376,212</u>	<u>156,118</u>	<u>(953,033)</u>
	<u>-</u>	<u>-</u>	<u>(511,911)</u>	<u>-</u>	<u>-</u>	<u>-</u>
\$	<u><u>(312,059)</u></u>	<u><u>(113,516)</u></u>	<u><u>(584,457)</u></u>	<u><u>765,458</u></u>	<u><u>216,962</u></u>	<u><u>(762,319)</u></u>
	<u>9.80%</u>	<u>9.07%</u>	<u>7.48%</u>	<u>6.41%</u>	<u>5.95%</u>	<u>5.05%</u>

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**City of Pampa, Texas**

Exhibit C-1

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

<b>Tax Roll For Year Jan. 1</b>	<b>Fiscal Year</b>	<b>Assessed Value</b>			<b>Total Direct Tax Rate</b>
		<b>Real Property Value</b>	<b>Personal Property Value</b>	<b>Total Value*</b>	
2000	2001	\$ 355,545,403	51,116,235	406,661,638	0.6500
2001	2002	362,546,049	53,990,600	416,536,649	0.6950
2002	2003	374,543,737	63,903,951	438,447,688	0.6950
2003	2004	396,255,464	81,826,491	478,081,955	0.6950
2004	2005	371,746,415	53,397,117	425,143,532	0.6950
2005	2006	366,575,796	77,971,814	444,547,610	0.6950
2006	2007	391,654,982	81,921,180	473,576,162	0.6950
2007	2008	421,951,543	87,781,115	509,732,658	0.6900
2008	2009	433,383,804	93,880,760	527,264,564	0.6650
2009	2010	509,262,355	90,600,967	599,863,322	0.6269

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

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



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

Exhibit C-2

Fiscal Year	City of Pampa Direct Rates				Overlapping Rates*	
	General Maintenance	Debt Service	Library Maintenance	Total Direct	Pampa Independent School District	Gray County
2001	0.396000	0.224000	0.030000	0.650000	1.525	0.427238
2002	0.443100	0.221900	0.030000	0.695000	1.545	0.475833
2003	0.458300	0.206700	0.030000	0.695000	1.554	0.495631
2004	0.462500	0.202500	0.030000	0.695000	1.561	0.522267
2005	0.459500	0.205500	0.030000	0.695000	1.556	0.488926
2006	0.466700	0.198300	0.030000	0.695000	1.435	0.445623
2007	0.473271	0.191729	0.030000	0.695000	1.325	0.473260
2008	0.468700	0.191300	0.030000	0.690000	1.375	0.446730
2009	0.463237	0.171763	0.030000	0.665000	1.369	0.432740
2010	0.501156	0.095774	0.030000	0.626930	1.369	0.446262

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

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

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

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

Exhibit C-3

Taxpayer	2010			2001		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Signature Pampa Hospital	\$ 9,490,410	1	1.71%	\$ 7,669,420	2	1.89%
Pampa Regional Medical Center	9,205,414	2	1.66%			
Wal-Mart Real Estate	6,917,640	3	1.25%			
Wal-Mart Stores East	6,347,459	4	1.14%	2,895,105	6	0.71%
Southwestern Public Service	6,339,062	5	1.14%	8,683,100	1	2.14%
West Texas Landscaping	4,026,232	6	0.72%			
SBC Texas	3,757,501	7	0.68%	6,672,151	3	1.64%
Shreedi Krupa Hotels	3,529,570	8	0.64%			
Fluid Compressor Partners	3,528,590	9	0.64%			
Daniel Weingarten	3,009,550	10	0.54%	3,095,030	4	0.76%
Coronado Community Hospital				3,000,000	5	0.74%
Albertson's				2,704,884	7	0.67%
Nickle's Industrial				2,370,910	8	0.58%
Energas Company				2,079,720	9	0.51%
Pampa Supermarket LP				2,075,290	10	0.51%
<b>Total</b>	<b>\$ 56,151,428</b>		<b>10.11%</b>	<b>\$ 41,245,610</b>		<b>10.14%</b>

Source: Gray County Appraisal District

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

<b><u>Roll Year</u></b>	<b><u>Total Tax Levy</u></b>	<b><u>Current Tax Collections</u></b>	<b><u>Percent of Levy Collected</u></b>	<b><u>Delinquent Tax Collections</u></b>
2001	\$ 2,449,568	\$ 2,298,619	93.8%	\$ 114,920
2002	2,689,947	2,570,985	95.6%	86,820
2003	2,803,641	2,693,355	96.1%	71,602
2004	2,803,611	2,699,492	96.3%	80,172
2005	2,788,311	2,660,991	95.4%	87,857
2006	2,897,766	2,754,962	95.1%	84,870
2007	3,100,752	2,963,548	95.6%	129,387
2008	3,339,992	3,210,630	96.1%	172,528
2009	3,504,650	3,393,819	96.8%	105,384
2010	3,452,386	3,304,156	95.7%	105,913

Exhibit C-4

	<b>Total Tax Collections</b>	<b>Total Collections as a Percent of Current Levy</b>	<b>Outstanding Delinquent Taxes</b>	<b>Outstanding Delinquent Taxes as a Percent of Current Levy</b>
\$	2,413,539	98.5%	\$ 454,910	18.6%
	2,657,805	98.8%	430,184	16.0%
	2,764,957	98.6%	463,271	16.5%
	2,779,664	99.1%	487,380	17.4%
	2,748,848	98.6%	499,807	17.9%
	2,839,832	98.0%	539,381	18.6%
	3,092,935	99.7%	498,101	16.1%
	3,383,158	101.3%	368,921	11.0%
	3,499,203	99.8%	352,909	10.1%
	3,410,069	98.8%	350,421	10.2%

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

<b>Fiscal Year</b>	<b>Governmental Activities</b>		<b>Business-type Activities</b>		
	<b>General Obligation Bonds</b>	<b>Capital Leases</b>	<b>Revenue Bonds &amp; Certificates of Obligation</b>	<b>CRMWA Obligations</b>	<b>Capital Leases</b>
2001	\$ 4,020,000	\$ 500,704	\$ 7,890,000	\$ 4,253,570	\$ 110,308
2002	3,880,000	723,922	9,783,931	4,079,668	151,420
2003	5,830,000	463,280	6,463,931	3,899,400	102,020
2004	5,355,000	275,779	5,908,931	3,711,393	130,040
2005	4,850,000	270,196	5,328,931	5,175,545	1,028,215
2006	5,228,435	104,347	6,060,496	6,770,570	859,829
2007	4,624,510	77,390	5,409,421	6,552,525	640,278
2008	4,509,512	49,157	6,714,419	6,268,326	461,924
2009	4,216,046	19,587	15,122,885	5,971,339	269,250
2010	3,766,207	142,498	14,492,724	6,532,462	50,138

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

**Exhibit D-1**

	<b>Total Primary Government</b>	<b>Percentage of Personal Income</b>		<b>Per Capita (1)</b>
\$	16,774,582	2.97%	\$	938
	18,618,941	3.36%		1,041
	16,758,631	2.95%		937
	15,381,143	2.56%		860
	16,652,887	2.77%		931
	19,023,677	3.16%		1,064
	17,304,124	3.93%		967
	18,003,338	4.09%		1,007
	25,599,107	5.17%		1,431
	24,984,029	4.46%		1,388

**City of Pampa, Texas**

**Exhibit D-2**

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Resources Restricted for paying Debt Service</b>	<b>Net General Obligation Bonds Outstanding</b>	<b>Assessed Taxable Value</b>	<b>Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value</b>	<b>Net General Obligation Bonds Outstanding Per Capita</b>
2001	\$ 4,020,000	47,201	\$ 3,972,799	406,661,638	0.98%	\$ 222
2002	3,880,000	37,728	3,842,272	416,536,649	0.92%	215
2003	5,830,000	95,184	5,734,816	438,447,688	1.31%	321
2004	5,355,000	136,518	5,218,482	478,081,955	1.09%	292
2005	4,850,000	171,695	4,678,305	425,143,532	1.10%	262
2006	5,228,435	390,547	4,837,888	444,547,610	1.09%	270
2007	4,624,510	585,156	4,039,354	473,576,162	0.85%	226
2008	4,509,512	1,015,687	3,493,825	509,732,658	0.69%	195
2009	4,216,046	1,206,210	3,009,836	527,264,564	0.57%	168
2010	3,766,207	49,392	3,716,815	599,863,322	0.62%	207

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

See Exhibit C-1 for property value data.

**City of Pampa, Texas**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2010**

**Exhibit D-3**

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 50,870,000	49%	\$ 24,926,300
Gray County	1,030,000	33%	<u>339,900</u>
Total overlapping debt			25,266,200
City of Pampa			<u>3,766,207</u>
Total direct and overlapping debt			<u><u>\$ 29,032,407</u></u>

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

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

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



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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Assessed value, before exemptions	\$ 406,661,638	\$ 416,536,649	\$ 438,447,688	\$ 478,081,955
Legal debt limit (10% of assessed value, before exemptions)	<u>\$ 40,666,164</u>	<u>\$ 41,653,665</u>	<u>\$ 43,844,769</u>	<u>\$ 47,808,196</u>
General obligation bonds	\$ 4,020,000	\$ 3,880,000	\$ 5,830,000	\$ 5,355,000
Less: Resources restricted for paying debt service	<u>47,201</u>	<u>37,728</u>	<u>95,184</u>	<u>136,518</u>
Total net general obligation bonds outstanding applicable to the limit	<u>\$ 3,972,799</u>	<u>\$ 3,842,272</u>	<u>\$ 5,734,816</u>	<u>\$ 5,218,482</u>
Computation of legal debt margin:				
Legal debt limit	\$ 40,666,164	\$ 41,653,665	\$ 43,844,769	\$ 47,808,196
Less: Net general obligation bonds outstanding	<u>3,972,799</u>	<u>3,842,272</u>	<u>5,734,816</u>	<u>5,218,482</u>
Legal debt margin	<u>\$ 36,693,365</u>	<u>\$ 37,811,393</u>	<u>\$ 38,109,953</u>	<u>\$ 42,589,714</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>9.77%</u>	<u>9.22%</u>	<u>13.08%</u>	<u>10.92%</u>

Exhibit D-4

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ <u>425,143,532</u>	\$ <u>444,547,610</u>	\$ <u>473,576,162</u>	\$ <u>509,732,658</u>	\$ <u>527,264,564</u>	\$ <u>599,863,322</u>
\$ <u>42,514,353</u>	\$ <u>44,454,761</u>	\$ <u>47,357,616</u>	\$ <u>50,973,266</u>	\$ <u>52,726,456</u>	\$ <u>59,986,332</u>
\$ 4,850,000	\$ 5,228,435	\$ 4,624,510	\$ 4,509,512	\$ 4,216,046	\$ 3,766,207
<u>171,695</u>	<u>390,547</u>	<u>585,156</u>	<u>1,015,687</u>	<u>1,206,210</u>	<u>49,392</u>
\$ <u>4,678,305</u>	\$ <u>4,837,888</u>	\$ <u>4,039,354</u>	\$ <u>3,493,825</u>	\$ <u>3,009,836</u>	\$ <u>3,716,815</u>
\$ 42,514,353	\$ 44,454,761	\$ 47,357,616	\$ 50,973,266	\$ 52,726,456	\$ 59,986,332
<u>4,678,305</u>	<u>4,837,888</u>	<u>4,039,354</u>	<u>3,493,825</u>	<u>3,009,836</u>	<u>3,716,815</u>
\$ <u>37,836,048</u>	\$ <u>39,616,873</u>	\$ <u>43,318,262</u>	\$ <u>47,479,441</u>	\$ <u>49,716,620</u>	\$ <u>56,269,517</u>
<u>11.00%</u>	<u>10.88%</u>	<u>8.53%</u>	<u>6.85%</u>	<u>5.71%</u>	<u>6.20%</u>

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

<u>Fiscal Year</u>		<u>Gross Revenues (1)</u>		<u>Operating Expenses Before Debt Service (2)</u>		<u>Net Revenues Available for Debt Service</u>
<b><u>Water &amp; Sewer Fund</u></b>						
2001	\$	4,265,185	\$	3,118,628	\$	1,146,557
2002		4,370,855		3,206,040		1,164,815
2003		4,284,074		3,562,637		721,437
2004		4,589,754		3,492,506		1,097,248
2005		4,682,357		3,742,448		939,909
2006		5,517,515		4,018,369		1,499,146
2007		5,479,658		3,938,478		1,541,180
2008		5,549,781		4,548,572		1,001,209
2009		6,411,647		4,624,334		1,787,313
2010		6,680,173		4,635,027		2,045,146
<b><u>Solid Waste Fund</u></b>						
2001	\$	1,087,180	\$	613,981	\$	473,199
2002		1,154,108		569,151		584,957
2003		1,181,315		575,111		606,204
2004		1,182,799		529,876		652,923
2005		1,195,582		606,206		589,376
2006		1,301,233		641,924		659,309
2007		1,480,040		748,715		731,325
2008		1,437,059		928,839		508,220
2009		1,626,413		1,226,694		399,719
2010		1,637,664		1,310,778		326,886

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

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

Exhibit D-5

		Debt Service				Times
Principal		Interest		Total		Coverage
\$	305,000	\$	395,741	\$	700,741	1.6
	390,000		367,095		757,095	1.5
	365,000		137,635		502,635	1.4
	370,000		121,251		491,251	2.2
	380,000		111,199		491,199	1.9
	437,485		182,914		620,399	2.4
	431,075		165,956		597,031	2.6
	383,002		148,666		531,668	1.9
	255,590		213,197		468,787	3.8
	590,747		320,535		911,282	2.2
\$	155,000	\$	146,042	\$	301,042	1.6
	165,000		132,393		297,393	2.0
	175,000		122,060		297,060	2.0
	185,000		111,386		296,386	2.2
	200,000		118,726		318,726	1.8
	210,000		144,607		354,607	1.9
	220,000		133,872		353,872	2.1
	-		122,892		122,892	4.1
	184,800		122,892		307,692	1.3
	19,595		288,062		307,657	1.1

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

**Exhibit E-1**

<u>Year</u>	<u>* Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2010	22,744	\$ 560,700	\$ 24,653	37.0	3,446	7.5%
2009	22,248	\$ 495,151	\$ 22,256	39.3	3,397	7.7%
2008	21,000	\$ 440,550	\$ 20,099	39.3	3,397	3.7%
2007	21,919	\$ 440,550	\$ 20,099	39.0	3,400	3.5%
2006	21,393	\$ 601,549	\$ 28,119	38.9	3,368	3.2%
2005	21,393	\$ 601,549	\$ 28,119	38.9	3,340	3.7%
2004	21,393	\$ 601,549	\$ 28,119	38.9	3,269	4.6%
2003	21,641	\$ 567,540	\$ 26,225	38.9	3,257	5.3%
2002	21,892	\$ 554,305	\$ 25,320	38.9	3,325	5.6%
2001	22,178	\$ 565,130	\$ 25,482	38.9	3,462	4.7%

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

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

**City of Pampa, Texas**

Exhibit E-2

**Principal Employers**

Current year and nine years ago

<b>Employer</b>	<b>2001</b>		<b>2010</b>		<b>Percentage of Total City Employment</b>
	<b>Number of Employees</b>	<b>Rank</b>	<b>Number of Employees</b>	<b>Rank</b>	
Pampa Independent School District	500	1	520	1	5.75%
Texas Department of Criminal Justice	350	3	332	2	3.67%
Pampa Regional Medical Center	150	6	315	3	3.48%
Wal-mart	378	2	291	4	3.22%
National Oilwell Varco	130	9	273	5	3.02%
Halliburton	156	5	203	6	2.24%
Gray County	150	7	168	7	1.86%
City of Pampa	280	4	152	8	1.68%
Tital Specialities	125	10	140	9	1.55%
Cabot	130	9	105	10	1.16%
			<u>2,499</u>		<u>27.63%</u>

Source: Pampa Chamber of Commerce

Note: The City was unable to obtain total employment numbers for 2001, therefore, the City was not able to show the percentage of total City employment for the employee listings for 2001.

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

Exhibit F-1

<b>FUNCTION/PROGRAM</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>	<b>2007</b>	<b>2006</b>	<b>2005</b>	<b>2004</b>	<b>2003</b>	<b>2002</b>	<b>2001</b>
<b>GENERAL FUND</b>										
Administrative Services	3	4	4	4	3	3	3	3	3	4
Financial Services	5	5	5	5	5	4	4	4	4	4
Municipal Court	2	2	2	1	1	1	1	1	1	3
<b>Police Services</b>										
Officers	25	25	25	25	25	24	24	25	25	24
Civilians	3	4	4	4	4	4	4	2	2	2
<b>Fire</b>										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Civilians	0	0	0	0	0	0	0	0	0	1
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Parks Department	0	0	0	0	0	0	0	0	0	0
Recreation Department	2	3	4	3	2	2	2	2	2	2
Buildings & Grounds	1	0	1	1	0	0	0	0	0	2
Community Services	1	0	0	0	0	0	1	1	1	1
Code Enforcement	5	2	2	2	1	1	1	1	1	1
Animal Control	3	3	3	3	3	2	2	2	2	3
Dispatching Services	8	8	8	8	8	8	8	8	8	7
Emergency Management	1	1	1	1	1	1	1	1	1	1
Data Processing	1	1	1	1	1	1	1	1	1	1
Purchasing	0	0	0	0	0	0	1	1	1	1
Central Stores	0	0	0	0	0	0	0	0	0	0
Central Garage	0	0	0	0	0	0	0	0	0	1
Solid Waste Collection	6	6	6	6	5	6	6	6	6	6
Risk Management	0	0	0	0	0	0	0	0	0	0
<b>SPECIAL REVENUE FUNDS</b>										
M.K. Brown Auditorium	1	1	0	1	1	1	1	1	1	1
Lovett Memorial Library	7	7	7	7	6	8	8	8	8	8
<b>ENTERPRISE FUNDS</b>										
Municipal Utilities	10	10	10	10	9	9	9	9	9	12
Water Distribution	9	9	9	9	9	9	9	9	9	9
Wastewater Collection	5	5	5	5	5	5	5	5	5	5
Landfill Composting	0	0	0	0	0	0	0	0	0	1
Solid Waste Landfill	7	7	6	6	5	5	5	5	5	6
Golf Course	0	0	0	0	0	0	0	0	0	0
<b>TOTAL</b>	<b>135</b>	<b>133</b>	<b>133</b>	<b>132</b>	<b>124</b>	<b>124</b>	<b>126</b>	<b>125</b>	<b>125</b>	<b>136</b>

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

**Exhibit F-2**

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2009-10</u>	<u>2008-09</u>	<u>2007-08</u>	<u>2006-07</u>	<u>2005-06</u>	<u>2004-05</u>	<u>2003-04</u>	<u>2002-03</u>	<u>2001-02</u>	<u>2000-01</u>
Police										
Physical arrests	917	1,391	1,581	1,183	1,353	1,043	1,272	1,430	991	905
Parking violations	-	35	13	-	-	-	-	-	-	1
Traffic violations	4,219	5,529	6,486	4,214	5,785	3363	3252	1229	2574	3361
Fire										
Emergency responses	1,023	1,013	1,093	914	898	824	846	817	951	962
Fires extinguished	96	141	167	136	203	118	154	137	191	199
Inspections	31	17	24	20	20	20	20	20	20	20
Refuse Collection										
Refuse collected (tons per day)	62	74	79	79	62	62	62	62	62	62
Number of Customers	7,427	7,504	7,548	7,513	7,486	7,459	7,400	7,486	7,515	7,594
Other Public Works										
Street resurfacing (sq. yards)	186,223	214,024	356,529	241,784	219,646	417,944	310,273	291,214	200,000	138,527
Potholes repaired	773	1,143	1,243	855	582	715	302	481	500	510
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	7	7	8	6	6	6	6	6	7
Number of Volleyball Leagues	4	4	4	4	4	4	4	4	2	2
Number of Kickball Leagues	3	-	-	-	-	-	-	-	-	-
Library										
Volumes in collection	48,139	55,207	65,125	69,072	70,401	72,320	77,421	83,631	82,189	86,642
Total volumes borrowed	967	613	238	238	272	273	322	321	510	539
Water										
Number of customers	8,104	8,211	8,271	8,199	8,170	8,112	8,050	8,147	8,173	8,247
Average daily consumption (thousands of gallons)	2,303	2,381	2,509	2,414	2,765	2,411	2,411	2,649	2,417	2,838
Wastewater										
Number of customers	7,449	7,548	7,586	7,533	7,510	7,459	7,480	7,524	7,541	7,617
City Landfill										
Solid Wasted Collected (tons/day)	185	195	208	192	242	242	231	231	155	155
Memorial Civic Center										
Auditorium Rentals	87	102	110	77	45	30	45	62	59	59

Source: Various City Departments



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

**Exhibit F-3**

<u>FUNCTION/PROGRAM</u>	<u>2010</u>	<u>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>	<u>2001</u>
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection Trucks	3	3	3	3	3	3	3	3	3	3
Other Public Works										
Streets	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9	15.9
Street Lights	1460	1460	1460	1460	1460	1460	1460	1460	1460	1460
Traffic Signals	12	12	12	12	12	12	12	12	12	12
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	39	39	39	39	39	39	39	39	39	39
Baseball/softball diamonds	13	13	13	13	13	13	13	13	13	13
Community Center	1	1	1	1	1	1	1	1	1	1
Jogging Trails (miles)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Water										
Water mains (miles)	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5
Fire Hydrants	600	600	600	600	600	600	600	600	600	600
Storage capacity (million gallons)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Wastewater										
Sanitary Sewers	115	115	115	115	115	115	115	115	115	115
Treatment capacity (mil. gallons)	3	3	3	3	3	3	3	3	3	3
Golf Courses	3	3	3	3	3	3	3	3	3	3

Source: Various City Departments

**INTERNAL CONTROL  
AND  
COMPLIANCE REQUIREMENTS**

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**BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

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

**Independent Auditor's Report**

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

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2010, which collectively comprise the City's basic financial statements and have issued our report thereon dated March 22, 2011. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

**Internal Control Over Financial Reporting**

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

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

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 City's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and responses as item one to be a material weakness.

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

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

A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and responses as item two to be a significant deficiency.

**Compliance**

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

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

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

*Brown, Ashkan + Company, P.C.*

Amarillo, Texas  
March 22, 2011

**CITY OF PAMPA  
SCHEDULE OF FINDINGS AND RESPONSES  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

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

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

Condition – During the audit, it was noted that various accounts on the general ledger needed to be adjusted in order for the City’s financial statements to be materially correct. The adjusting entries proposed during the audit, not all of which were material to the City’s financial statements, included but were not limited to: recording the proceeds and related capital asset on a capital lease; adjusting grants payable for the Pampa Economic Development Corporation; adjusting fixed asset activity for the year; various entries pertaining to landfill permit fees and closure and post-closure cost; and the various entries needed to convert the fund financial statements to the government-wide financial statements in accordance with Governmental Accounting Standards Board Statements Number 34 and 37.

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

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

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

**CITY OF PAMPA  
SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

**Management's response:**

The City has utilized the audit firm to examine its financial reports to obtain reasonable assurance that the financial statements are fairly presented, free from material misstatement. Traditionally, the City has relied on the audit firm to recommend various adjusting entries to present accurate and materially correct statements. The City recognizes its responsibility to have the procedures, controls and competencies in place to detect and correct material misstatements and has worked diligently to assume more responsibility and to lessen the reliance on the audit firm. In the past few years, the staff has worked diligently and made great strides in this area and continues to do so. The City staff has taken ultimate responsibility and has the controls, skills, and competencies to avoid material misstatements and will continue to increase our responsibility. We still wish to utilize the assistance and expertise of an audit firm to recommend any entries needed to further assure correctness as a part of the audit process and expect the auditors will continue to make adjusting entries as part of the scope of the audit. While we strive to be proficient in our financial duties, we still prefer to consult with the firm on some issues and to hire the audit firm to make the entries to convert fund basis financial statements to government wide statements in accordance with GASB statements No. 34 and 37. Furthermore, we also wish to work with the audit firm to compile our comprehensive annual financial report due to staffing and time restraints, software needs, and the related costs.

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

**Item Two – Budget Variances:**

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

**CITY OF PAMPA**  
**SCHEDULE OF FINDINGS AND RESPONSES (CONTINUED)**  
**FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

Condition - We noted that at year end, the overall expenditures (excluding depreciation expense, principal payments, and capital outlays for the proprietary funds) exceeded the final amended budget for the Solid Waste Management Fund and the Dental Benefits Fund. There were various causes for these variances, with the main reason being that the listed funds had more expenditures than what were anticipated.

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

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

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

Management's response -

The City has procedures in place to ensure budgets are properly amended. It is important to note that these variances were due to account changes or accruals, rather than unbudgeted expenditures.



**CITY OF PAMPA  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2010**

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

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

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

**Item Two – Budget Variances:**

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

Current Status: For 2010, we noted two of the City's funds had expenditures/expenses that exceeded amounts appropriated (excluding depreciation, principal payments, and capital outlays for the proprietary funds).