

CITY OF PAMPA, TEXAS

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

**FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019**

Prepared by
Department of Finance

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

<u>INTRODUCTORY SECTION</u>	<u>Page</u>
Letter of Transmittal	7
GFOA Certificate of Achievement	11
Organizational Chart	13
List of Elected and Appointed Officials	15
<u>FINANCIAL SECTION</u>	
Independent Auditor's Report	19
Management's Discussion and Analysis	23
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position	37
Statement of Activities	38
Fund Financial Statements:	
Balance Sheet - Governmental Funds	42
Reconciliation of the Balance Sheet - Governmental Funds to the Government-wide Statement of Net Position	43
Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds	44
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances - Governmental Funds to the Government-wide Statement of Activities	45
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	47
Statement of Net Position - Proprietary Funds	48
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	49
Statement of Cash Flows - Proprietary Funds	50
Statement of Fiduciary Net Position - Fiduciary Funds	51
Notes to the Financial Statements	53
Required Supplementary Information:	
Schedule of Changes in Net Pension Liability and Related Ratios	104
Schedule of Pension Contributions	106
Notes to Schedule of Pension Contributions	108
Schedule of Changes in Total OPEB Liability and Related Ratios	109
Notes to Schedule of OPEB Contributions	110

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

<u>FINANCIAL SECTION (continued)</u>	<u>Page</u>
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet - Nonmajor Governmental Funds	112
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	114
Combining Statement of Net Position - Nonmajor Proprietary Funds	116
Combining Statement of Revenues, Expenses and Changes in Net Position - Nonmajor Proprietary Funds	117
Combining Statement of Cash Flows - Nonmajor Proprietary Funds	118
Schedule of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual:	
Debt Service Fund	119
Controlled Substances	120
M.K. Brown Auditorium	121
Lovett Memorial Library	122
M.K. Brown Permanent Fund	123
Statement of Changes in Assets and Liabilities - Municipal Court Bail Bond Agency Fund	124
Capital Assets Used in the Operation of Governmental Activities:	
Schedule by Source	125
Schedule by Function and Activity	126
Schedule of Changes by Function and Activity	127
 <u>STATISTICAL SECTION</u>	
<u>Exhibits</u>	
A Statistical Section Summary	131
B-1 Net Position by Component - Last Ten Fiscal Years	132
B-2 Changes in Net Position - Last Ten Fiscal Years	134
B-3 Fund Balances - Governmental Funds - Last Ten Fiscal Years	136
B-4 Changes in Fund Balances - Governmental Funds - Last Ten Fiscal Years	138

**CITY OF PAMPA, TEXAS
 COMPREHENSIVE ANNUAL FINANCIAL REPORT
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

TABLE OF CONTENTS

<u>STATISTICAL SECTION (continued)</u>	<u>Page</u>
<u>Exhibits</u>	
C-1 Taxable Sales by Category - Last Ten Calendar Years	140
C-2 Assessed Value and Estimated Actual Value of Taxable Property - Last Ten Fiscal Years	142
C-3 Direct and Overlapping Property Tax Rates - Last Ten Fiscal Years	143
C-4 Principal Property Taxpayers - Current Year and Nine Years Ago	144
C-5 Property Tax Levies and Collections - Last Ten Fiscal Years	146
D-1 Ratios of Outstanding Debt By Type - Last Ten Fiscal Years	148
D-2 Ratios of Net General Bonded Debt Outstanding - Last Ten Fiscal Years	150
D-3 Direct and Overlapping Governmental Activities Debt - September 30, 2019	151
D-4 Legal Debt Margin Information - Last Ten Fiscal Years	152
D-5 Pledged Revenue Bond Coverage - Last Ten Fiscal Years	154
E-1 Demographic and Economic Statistics - Last Ten Calendar Years	158
E-2 Principal Employers - Current Year and Nine Years Ago	159
F-1 Employees by Function/Program - Last Ten Fiscal Years	160
F-2 Operating Indicators by Function/Program - Last Ten Fiscal Years	161
F-3 Capital Asset Statistics by Function/Program - Last Ten Fiscal Years	162
 <u>INTERNAL CONTROL AND COMPLIANCE REQUIREMENTS</u>	
Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	165
Schedule of Findings and Responses	167
Schedule of Status of Prior Findings	168

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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 9, 2020

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of the City of Pampa, Texas (the “City of Pampa”) for the fiscal year ended September 30, 2019.

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

The City of Pampa’s financial statements have been audited by Brown, Graham & Company, P.C., a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of Pampa for the fiscal year ended September 30, 2019, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of Pampa’s financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor’s report is presented as the first component of the financial section of this report.

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

Profile of the Government

The City of Pampa's charter was approved by the voters in 1927. Located in the Panhandle of Texas in Gray County, the City of Pampa currently occupies a land area of 9 square miles and serves a population of approximately 17,200. The City of Pampa is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

The annual budget serves as the foundation for the City of Pampa's financial planning and control. All departments of the City of Pampa are required to submit requests for appropriation to the government's manager. The government's manager uses these requests as the starting point for developing a proposed budget. The government's manager then presents this proposed budget to the commission for review. The commission is required to hold public hearings on the proposed budget and to adopt a final budget by no later than September 30, the close of the City of Pampa's fiscal year. The appropriated budget is prepared by fund and department (e.g., police). Department heads may make transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the governing council. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 47 as part of the basic financial statements for the governmental funds. For governmental funds, other than the general fund, with appropriated annual budgets, these comparisons are presented in the governmental fund subsection of this report, which starts on page 119.

Factors Affecting Financial Condition

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

Local economy. The City of Pampa has a diverse industrial base. The industries in the area include oil and gas production, various petroleum-based industries, cattle, and grain production. There are specialized chemical and carbon black plants as well as a carbon black research and development facility. The Pampa EDC owns and operates an industrial facility outside the city limits providing plant operation facilities, rail services, and warehousing space, as well as a shopping center inside the City limits. There is also a state prison located one and one-half miles east of the City. Over the past two years, one of the local shopping centers has upgraded the retail space and has placed tenants who provide retail sales and food service to our community with more upgrades in the works. Construction is being done on a new drive through restaurant in another shopping area as well as a new retail tire store. The total labor force in Gray County is 7,893. The unemployment rate was 3.5% in December 2018 and was 3.7.% in December 2019. This is attributed to the slow recovery of the oil industry nationwide and specifically in our region and addition of two retailers and a restaurant in a refurbished shopping center.

Long-term financial planning. With the recent increase in oil prices, the city anticipates the local economy will experience upturn, albeit at a slower pace than the nation and state. When oil prices rise, the area's oil and gas production as well as the related oil field service companies and suppliers to the industry fare well. This, in turn, adds jobs and increased revenues to the area and the City. Legislation regarding sales tax on internet sales should increase the amount of sales tax revenue coming to our City.

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

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

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

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

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

Major initiatives. Beginning in 2016-17, the City instituted a surcharge on all water accounts designated to provide partial funding for future wastewater plant renovations. Some phases of the plant renovation project have completed or are in the process, while other phases will be put out for bid in 2019 and subsequent years according to the project timeline.


Awards and Acknowledgments

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pampa for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the 31st consecutive year that the City of Pampa has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This report satisfied both GAAP and applicable legal requirements.

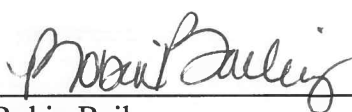
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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


Respectfully submitted,



Shane Stokes
City Manager



Robin Bailey
Director of Finance & HR



Theresa Daniels
Assistant Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pampa
Texas**

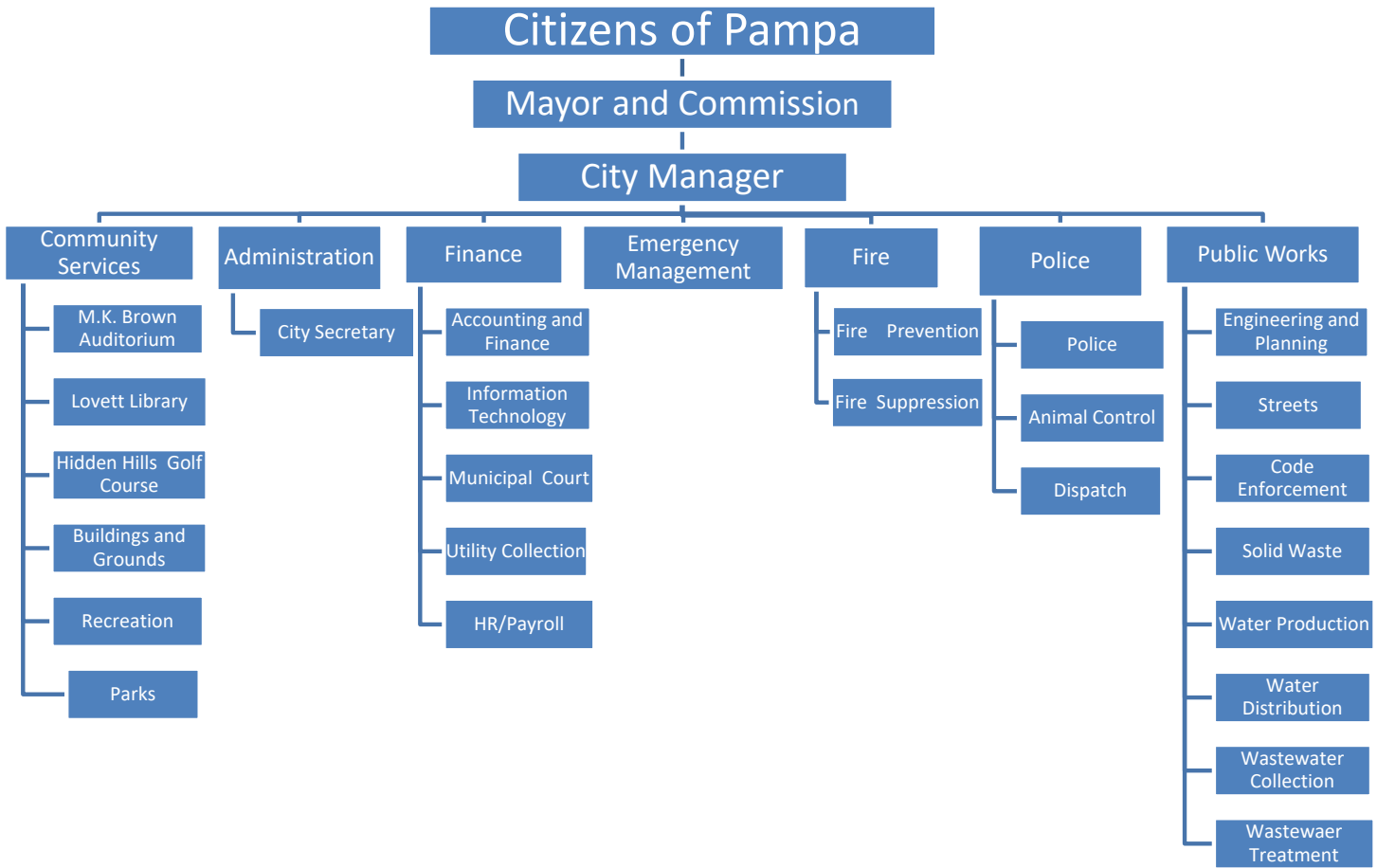
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morill

Executive Director/CEO

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CITY OF PAMPA, TEXAS

LIST OF ELECTED AND APPOINTED OFFICIALS

GOVERNING BODY:

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

OTHER PRINCIPAL OFFICIALS:

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

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FINANCIAL SECTION

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BROWN, GRAHAM & COMPANY, P.C.

Certified Public Accountants

PO Box 20210 · Amarillo, Texas 79114

7431 Continental Pkwy · Amarillo, Texas 79119

(806) 355-8241 · Fax (806) 355-6415

Independent Auditor's Report

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Pampa Economic Development Corporation (the "PEDC"), which represent 100 percent of the discretely presented component unit reported on the City's government-wide financial statements. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the PEDC, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

**Honorable Mayor Brad Pingel and
City Commission**

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, based on our audit and the report of the other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 23-32, and the Texas Municipal Retirement System schedule of changes in net pension liability and related ratios, schedule of pension contributions, notes to schedule of pension contributions, schedule of changes in total OPEB liability, and notes to schedule of OPEB contributions on pages 104-110, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules, governmental capital asset schedules 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, budgetary comparison schedules, and governmental capital asset schedules are the responsibility of the City's management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements, budgetary comparison schedules, and governmental capital asset schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

**Honorable Mayor Brad Pingel and
City Commission**

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 9, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Brown, Graham & Company, P.C.

Amarillo, Texas
March 9, 2020

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

Management's Discussion and Analysis

As management of the City of Pampa, Texas (the "City of Pampa"), we offer readers of the City of Pampa's financial statements this narrative overview and analysis of the financial activities of the City of Pampa for the fiscal year ended September 30, 2019. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on page 7 of this report. Comparable totals on changes in net position and other schedules in the Management's Discussion and Analysis have been presented for the fiscal year ended September 30, 2018, as well.

Financial Highlights

- The assets and deferred outflows of the City of Pampa exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$24,782,507 (*net position*).
- As of the close of the current fiscal year, the City of Pampa's governmental funds reported combined ending fund balances of \$7,392,845. Approximately 40% of this total amount, \$2,946,281 is unassigned and *available for spending* at the government's discretion.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$2,946,281 or 22% of total general fund expenditures.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

The City of Pampa maintains seven 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, which is the City's only major governmental fund.

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

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

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

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

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

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

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

The basic fiduciary fund financial statements can be found on pages 51 and 124 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 53-101 of this report.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City of Pampa's changes in net pension liability, changes in total other post-employment benefit (OPEB) liability, and contributions to the Texas Municipal Retirement System. This required supplementary information can be found on pages 104-110 of this report.

The combining statements referred to earlier in connection with the nonmajor governmental funds and nonmajor proprietary funds are presented immediately following the required supplementary information on pensions and OPEB. Combining and individual fund statements and schedules can be found on pages 112-118 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Pampa, assets and deferred outflows exceeded liabilities and deferred inflows by \$24,782,507 at the close of the most recent fiscal year.

By far the largest portion of the City of Pampa's net position (75%) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. The City of Pampa uses these capital assets to provide services to its citizens; consequently, these assets are *not* available for future spending.

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

Fiscal year 2019 resulted in a decrease in net position in the governmental activities and an increase in net position in the business-type activities. Governmental activities decreased the City of Pampa's net position by \$645,309, or 20% from the prior year. A contributing factor to this decrease in net position was a decrease in revenues of the governmental activities in the amount of \$391,119. The net decrease in revenues comprised of decreases in charges for services of \$7,367, sales tax of \$92,916, other taxes of \$144,811, grants of \$160,346 and miscellaneous revenues of \$44,555, offset by an increase in property tax revenue of \$58,876. The decrease in grants was due to a grants in 2018 of \$153,258 from FEMA for fire respirators. Expenditures increased \$165,275, most of which was in Public Safety due to increasing personnel costs in the police and fire departments. There was an increase of \$2,408,911, or 9% in net position in the business-type activities as compared to the prior fiscal year, with the largest amount, \$1,564,889, coming from the water and sewer system fund, which was primarily a result of increases in water and sewer rates and continued cost containment, and an increase in the leased properties fund of \$947,705, coming from a gain on the sale of land to a local cotton gin through an installment sale.

Approximately 23%, \$5,607,520, of the City of Pampa's net position is subject to external restrictions on how it may be used. The remaining balance of unrestricted net position is \$588,592.

At the end of the current fiscal year, the City of Pampa is able to report positive balances in all three categories of net position for the business-type activities but reported a deficit in unrestricted net position in the governmental activities of \$9,876,143. There were three principal factors which contributed to the deficit in unrestricted net position of the governmental activities that initially occurred in fiscal year 2015, the transfer of the outstanding debt of the aquatics center fund to the governmental activities and the recognition of the City's net pension liability in accordance with Governmental Accounting Standards Board (GASB) Statement 68. The transfer of the debt and recognition of the City's net pension liability resulted in liabilities for the governmental activities for which there are no associated assets. The other factor occurred during fiscal year 2018, GASB Statement 75 was issued resulting in recognition of the City's total OPEB liability which created an additional liability for the governmental activities for which there is no associated asset. In response to these factors, the City will continue to make required contributions to TMRS at the actuarially determined full rate, as provided to the City by TMRS and not the allowed phase-in rate in an effort to address the unfunded liability. For the current year, the net position from governmental activities was decreased by \$645,309 as described above. The City will continue to provide the current services provided to the citizens, while maintaining focus on the revenues available and costs of providing the services, and their impact on the net position of the City's governmental activities.

CITY OF PAMPA'S NET POSITION

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

	Governmental Activities	Business-type Activities	Total
	2018	2018	2018
Current and other assets	\$ 6,766,544	\$ 14,862,134	\$ 21,628,678
Capital assets	8,481,177	28,391,639	36,872,816
Total assets	<u>15,247,721</u>	<u>43,253,773</u>	<u>58,501,494</u>
Deferred charge on refunding	161,121	264,704	425,825
Deferred outflow related to TMRS	1,009,825	200,187	1,210,012
Total deferred outflows of resources	<u>1,170,946</u>	<u>464,891</u>	<u>1,635,837</u>
Long-term liabilities outstanding	17,938,365	16,299,382	34,237,747
Other liabilities	727,148	904,541	1,631,689
Total liabilities	<u>18,665,513</u>	<u>17,203,923</u>	<u>35,869,436</u>
Deferred inflow related to TMRS	1,043,991	204,999	1,248,990
Total deferred inflows of resources	<u>1,043,991</u>	<u>204,999</u>	<u>1,248,990</u>
Net position:			
Net investment in capital assets	4,552,253	18,197,269	19,589,813
Restricted	1,451,712	2,346,576	3,798,288
Unrestricted	(9,294,802)	5,765,897	(369,196)
Total net position	<u>\$ (3,290,837)</u>	<u>\$ 26,309,742</u>	<u>\$ 23,018,905</u>

CITY OF PAMPA CHANGES IN NET POSITION

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

CITY OF PAMPA CHANGES IN NET POSITION

	<u>Governmental</u>	<u>Business-type</u>	<u>Total</u>
	<u>Activities</u>	<u>Activities</u>	<u>2018</u>
	<u>2018</u>	<u>2018</u>	<u>2018</u>
Revenues:			
Program revenues:			
Charges for services	\$ 4,521,065	\$ 10,556,454	\$ 15,077,519
Operating grants	193,967	-	193,967
Capital grants and contributions	177,320	5,733	183,053
General revenues:			
Property taxes	4,204,793	-	4,204,793
Sales taxes	3,338,080	-	3,338,080
Other taxes	1,582,469	-	1,582,469
Miscellaneous	242,270	146,841	389,111
Total revenues	<u>14,259,964</u>	<u>10,709,028</u>	<u>24,968,992</u>
Expenses:			
General government	2,060,823	-	2,060,823
Public safety	7,267,208	-	7,267,208
Streets and traffic	1,563,885	-	1,563,885
Solid waste management	1,538,354	-	1,538,354
Culture and recreation	1,647,982	-	1,647,982
Interest on long-term debt	232,337	-	232,337
Water and sewer system	-	6,436,059	6,436,059
Solid waste management	-	1,527,409	1,527,409
Aquatics center	-	509,783	509,783
Golf course	-	551,756	551,756
Leased properties	-	21,114	21,114
Total expenses	<u>14,310,589</u>	<u>9,046,121</u>	<u>23,356,710</u>
Change in net position before transfers	(50,625)	1,662,907	1,612,282
Transfers in (out)	<u>(170,290)</u>	<u>170,290</u>	<u>-</u>
Change in net position after transfers	(220,915)	1,833,197	1,612,282
Net position - beginning of year, as previously reported	(2,639,976)	24,560,873	21,920,897
Prior period adjustment - GASB 75	<u>(429,946)</u>	<u>(84,328)</u>	<u>(514,274)</u>
Net position - beginning of year, as restated	(3,069,922)	24,476,545	21,406,623
Net position - end of year	<u><u>\$ (3,290,837)</u></u>	<u><u>\$ 26,309,742</u></u>	<u><u>\$ 23,018,905</u></u>

Financial Analysis of the Government's Funds

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

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

The general fund is the chief operating fund of the City of Pampa. At the end of the current fiscal year, unassigned fund balance of the general fund was \$2,946,281, while total fund balance was \$6,358,900. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 22% of total general fund expenditures, while total fund balance represents 48% of that same amount.

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

Unrestricted net position in the Water and Sewer System Fund at the end of the year amounted to \$7,562,706; the Solid Waste Management Fund amounted to a deficit of \$902,564; the Aquatics Center amounted to a deficit of \$33,347; the Lease Properties Fund amounted to \$937,860; and the Municipal Golf Course resulted in a deficit of \$162,854.

In an effort to increase net position, rates were increased and the surcharge for capital improvements was continued in the Water and Sewer fund and rates were increased in the Solid Waste fund. The water and sewer system fund increased net position by \$1,564,889 as the budget was designed to build reserves for capital improvements in the near future. Net position in the Solid Waste Management fund increased by \$314,337. During a prior year, the City had an engineering firm do a study on the fee structure at the landfill. Rates were adjusted based on the study findings and expenditures have been monitored in an effort to improve net position and fund construction of cells 5A and 6A. The new cell construction was completed in early 2018 without the issuance of new debt. The Aquatics Center and Municipal Golf Course funds received operating transfers to supplement operations. The Leased Properties fund increased net position by \$810,505 as the City entered into an installment sale lease agreement which created a gain on the sale of the land.

General Fund Budgetary Highlights

During the year, there was a \$119,959 increase in projected revenues between the original budget and the final amended budget. The final budgeted revenues exceeded the actual revenues by \$665,392. Sales tax revenues were less than the budgeted amounts by \$304,836, while property taxes were less than budgeted amounts by \$138,471. Charges for services had a negative budgetary variance of \$15,535, licenses and permits were less than the budgeted amount by \$11,920, other taxes had a negative budgetary variance of \$89,721, and fines were under by \$88,067. In addition to these, other variances combined for a negative variance in budgeted appropriations of \$16,842. A budget overage in other revenue of \$14,047 made up the majority of this variance. The largest budget to actual variance was in sales tax revenue, in which collections were 8.5% under budgeted revenue. Compared to the prior year, collections were 2.8% or \$92,916 less, which is more significant than the budgetary variance, for planning. Revenue is expected to steadily increase, primarily due to recent sales tax legislation on internet sales.

During the year, there was also a \$124,319 increase in projected expenditures between the original budget and the final amended budget. The final budget exceeded actual expenditures by \$598,911. General government, public safety, streets and traffic, solid waste management and culture and recreation expenditures were less than budgeted expenditures by \$79,823, \$234,972, \$85,337, \$56,599, and \$85,922, respectively. In addition to these, capital outlay reflected an excess in budgeted expenditures over actual of \$95,965, and total debt service expenditures exceed the budget by \$39,627 related to the issuance costs of the Series 2019 tax note. For 2019, the overall excess in budgeted expenditures to actual expenditures can be attributed to cost containment measures in response to the decline and slow recovery of the economy and delaying or changing projects.

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, 2019 amounted to \$36,494,381 net of accumulated depreciation. This excludes the unamortized landfill permit costs of \$550,557. This investment in capital assets includes land, buildings and improvements, vehicles and equipment, park facilities, roads, bridges, and infrastructure assets. Significant additions of capital assets for the governmental activities included improvements to the MK Brown state lighting totaling \$60,748 and brick valley improvements totaling \$14,611, and the purchase of a dump truck totaling \$86,736, police in-car radios totaling \$62,856, a Broce broom totaling \$63,699, a stock command trailer totaling \$49,999, a Ford F-250 totaling \$47,849, and various vehicles and equipment with a total cost of \$118,248. Significant capital asset additions in the City's business-type activities included \$47,805 in construction costs on the waste water treatment plant and \$29,353 for a payment kiosk, \$1,178,671 for improvements placed in service for the water treatment plant, waste water treatment plant and water lines, \$251,425 for the purchases of a forklift, backhoe and dump truck, \$730,000 for a tractor at the landfill, \$48,420 for a wind fence at the landfill, \$346,869 for golf cart and GPS units, \$29,319 in improvements at the golf course, and \$97,385 for the purchase of various equipment. Additional information on the City of Pampa's capital assets and construction projects may be found on pages 70-72, and page 83 of the CAFR under Note 6 and Note 11 in the Notes to the Financial Statements.

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

	Governmental Activities	Business-type Activities	Total
	2019	2019	2019
Land	\$ 48,829	\$ 776,141	\$ 824,970
Collection	203,500	-	203,500
Water rights	-	5,881,598	5,881,598
Buildings and improvements	4,941,260	17,361,433	22,302,693
Vehicles and equipment	2,845,015	2,084,231	4,929,246
Surface water supply contracts	-	2,167,716	2,167,716
Construction in progress	-	184,658	184,658
Total	<u>\$ 8,038,604</u>	<u>\$ 28,455,777</u>	<u>\$ 36,494,381</u>
	2018	2018	2018
Land	\$ 48,829	\$ 788,941	\$ 837,770
Collection	203,500	-	203,500
Water rights	-	6,033,373	6,033,373
Buildings and improvements	5,189,415	17,427,000	22,616,415
Vehicles and equipment	3,039,433	1,233,929	4,273,362
Surface water supply contracts	-	2,231,472	2,231,472
Construction in progress	-	676,924	676,924
Total	<u>\$ 8,481,177</u>	<u>\$ 28,391,639</u>	<u>\$ 36,872,816</u>

Long-term Debt. During fiscal year 2019, the City issued the Series 2019, Tax Note in the amount of \$2,185,000. No principal or interest was paid on the Note as of the current fiscal year end. The proceeds from the Note will be used to fund various general fund capital purchases and improvements to City buildings.

At the end of the current fiscal year, the City of Pampa had total bonded debt outstanding including that incurred as part of participating in the Canadian River Municipal Water Authority (CRMWA), of \$16,923,316. Of this amount, \$6,190,231 comprises debt backed by the full faith and credit of the government. The remainder of the City of Pampa’s debt represents bonds secured solely by specified revenue sources (i.e., revenue bonds).

The City of Pampa’s overall bonded and tax note debt increased by \$532,482 as compared to the prior year. Additional information concerning long-term debt is located in Note 8 in the Notes to the Financial Statements, on pages 74-81. The following schedule summarizes the City of Pampa’s outstanding tax note and bonded debt, excluding amounts attributable to its participation in CRMWA.

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

	<u>Governmental</u> <u>Activities</u>	<u>Business-type</u> <u>Activities</u>	<u>Total</u>
	<u>2019</u>	<u>2019</u>	<u>2019</u>
General obligation bonds	\$ 6,190,231	\$ -	\$ 6,190,231
Tax notes	2,185,000	-	2,185,000
Revenue bonds	-	5,749,771	5,749,771
Total	<u>\$ 8,375,231</u>	<u>\$ 5,749,771</u>	<u>\$ 14,125,002</u>
<hr/>			
	<u>2018</u>	<u>2018</u>	<u>2018</u>
General obligation bonds	\$ 6,742,800	\$ -	\$ 6,742,800
Revenue bonds	-	6,427,202	6,427,202
Total	<u>\$ 6,742,800</u>	<u>\$ 6,427,202</u>	<u>\$ 13,170,002</u>

Economic Factors and Next Year’s Budgets and Rates

The City of Pampa’s unemployment rate, currently 3.9% as of December 2019, is higher than the State adjusted rate (3.5) and National adjusted (3.5) unemployment rates. This rate, along with the other items discussed above, was considered in preparing the City of Pampa’s budget for the 2019-20 fiscal year.

Requests for Information

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

BASIC FINANCIAL STATEMENTS

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GOVERNMENT-WIDE FINANCIAL STATEMENTS

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CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

	<u>Primary Government</u>			Component Unit: Pampa Economic Development Corporation
	<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	
Assets:				
Cash and cash equivalents	\$ 2,785,224	\$ 6,716,084	\$ 9,501,308	\$ 4,499,240
Investments	878,000	4,533,700	5,411,700	-
Receivables, net of allowance for uncollectibles	1,332,651	1,175,348	2,507,999	207,445
Internal balances	186,639	(186,639)	-	-
Inventories	22,509	375,651	398,160	-
Prepaid items	85,369	13,955	99,324	29,250
Restricted assets:				
Cash and cash equivalents	2,502,079	286,312	2,788,391	-
Investments	350,000	1,673,700	2,023,700	-
Accrued interest	971	-	971	-
Receivable - CRMWA	-	272,088	272,088	-
Other assets	-	38,664	38,664	-
Note receivable	-	746,715	746,715	1,616,973
Capital assets, net of accumulated depreciation and amortization:				
Land	48,829	776,141	824,970	543,926
Collection	203,500	-	203,500	-
Water rights	-	5,881,598	5,881,598	600,000
Buildings and improvements	4,941,260	17,361,433	22,302,693	7,384,549
Vehicles and equipment	2,845,015	2,084,231	4,929,246	228,763
Surface water supply contracts	-	2,167,716	2,167,716	-
Construction in progress	-	184,658	184,658	-
Unamortized landfill permit costs	-	550,557	550,557	-
Total assets	16,182,046	44,651,912	60,833,958	15,110,146
Deferred outflows of resources:				
Deferred charge on refunding	115,529	214,418	329,947	-
Deferred outflow related to TMRS	2,483,772	489,282	2,973,054	-
Total deferred outflows of resources	2,599,301	703,700	3,303,001	-
Liabilities:				
Accounts payable	232,378	181,603	413,981	215
Accrued expenses	348,280	501,259	849,539	60,371
Unearned revenue	21,952	35,645	57,597	12,689
Non-current liabilities:				
Due within one year	1,014,675	1,329,155	2,343,830	196,759
Due in more than one year	8,358,348	12,089,861	20,448,209	4,284,934
Unearned revenue	-	-	-	9,910
Net pension liability	11,720,769	2,298,928	14,019,697	-
Total OPEB liability	470,156	92,215	562,371	-
Total liabilities	22,166,558	16,528,666	38,695,224	4,564,878
Deferred inflows of resources:				
Deferred inflow related to TMRS	550,935	108,293	659,228	-
Total deferred inflows of resources	550,935	108,293	659,228	-
Net position:				
Net investment in capital assets	2,426,395	19,222,934	18,586,395	5,698,260
Restricted for municipal court	141,639	-	141,639	-
Restricted for public programming facilities	120,004	-	120,004	-
Restricted for park maintenance	67,890	-	67,890	-
Restricted for debt service	176,500	2,093,918	2,270,418	-
Restricted for capital projects	2,145,411	-	2,145,411	-
Restricted for fire department	4,107	-	4,107	-
Restricted for Lovett library	272,829	-	272,829	-
Restricted for law enforcement	9,257	-	9,257	-
Restricted for equipment purchase	23,028	-	23,028	-
Restricted for M.K. Brown Auditorium:				
Expendable	202,937	-	202,937	-
Nonexpendable	350,000	-	350,000	-
Unrestricted net position (deficit)	(9,876,143)	7,401,801	588,592	4,847,008
Total net position (deficit)	\$ (3,936,146)	\$ 28,718,653	\$ 24,782,507	\$ 10,545,268

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, 2019**

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 2,062,349	\$ 1,102,392	\$ 22,298	\$ -
Public safety	7,698,846	623,788	122,183	-
Streets and traffic	1,455,598	-	-	14,611
Solid waste management	1,408,053	2,497,239	-	-
Culture and recreation	1,621,738	290,279	51,849	-
Interest on long-term debt	229,280	-	-	-
Total governmental activities	14,475,864	4,513,698	196,330	14,611
Business-type activities:				
Water and sewer system	6,514,468	7,824,385	-	-
Solid waste management	1,739,408	1,952,697	-	18,861
Aquatics center	508,471	257,346	-	-
Golf course	620,224	261,344	-	29,319
Leased properties	22,798	33,739	-	-
Total business-type activities	9,405,369	10,329,511	-	48,180
Total primary government	\$ 23,881,233	\$ 14,843,209	\$ 196,330	\$ 62,791
Component Unit:				
PEDC	\$ 2,416,129	\$ 2,256,876	\$ -	\$ -

General revenues:
Property taxes levied for general purposes
Property taxes levied for debt service
Sales taxes
Utility taxes
Hotel & motel taxes
Alcoholic beverage taxes
Investment earnings
Gain on sale of capital assets
Miscellaneous revenues
Transfers in (out)

Total general revenues and transfers

Change in net position

Net position - beginning of year

Net position - end of year

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

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

Primary Government			Component Unit: Pampa Economic Development Corporation
Governmental Activities	Business-Type Activities	Total	
\$ (937,659)	\$ -	\$ (937,659)	\$ -
(6,952,875)	-	(6,952,875)	-
(1,440,987)	-	(1,440,987)	-
1,089,186	-	1,089,186	-
(1,279,610)	-	(1,279,610)	-
(229,280)	-	(229,280)	-
<u>(9,751,225)</u>	<u>-</u>	<u>(9,751,225)</u>	<u>-</u>
-	1,309,917	1,309,917	-
-	232,150	232,150	-
-	(251,125)	(251,125)	-
-	(329,561)	(329,561)	-
-	10,941	10,941	-
<u>-</u>	<u>972,322</u>	<u>972,322</u>	<u>-</u>
<u>(9,751,225)</u>	<u>972,322</u>	<u>(8,778,903)</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(159,253)</u>
3,545,068	-	3,545,068	-
718,601	-	718,601	-
3,245,164	-	3,245,164	1,081,721
1,177,566	-	1,177,566	-
248,164	-	248,164	-
11,928	-	11,928	-
87,873	248,217	336,090	100,972
-	983,885	983,885	-
109,842	166,197	276,039	18,176
(38,290)	38,290	-	-
<u>9,105,916</u>	<u>1,436,589</u>	<u>10,542,505</u>	<u>1,200,869</u>
<u>(645,309)</u>	<u>2,408,911</u>	<u>1,763,602</u>	<u>1,041,616</u>
<u>(3,290,837)</u>	<u>26,309,742</u>	<u>23,018,905</u>	<u>9,503,652</u>
<u>\$ (3,936,146)</u>	<u>\$ 28,718,653</u>	<u>\$ 24,782,507</u>	<u>\$ 10,545,268</u>

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FUND FINANCIAL STATEMENTS

CITY OF PAMPA, TEXAS
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Assets:			
Cash and cash equivalents	\$ 2,152,032	\$ 578,542	\$ 2,730,574
Investments	770,000	108,000	878,000
Accrued interest receivable	5,786	1,073	6,859
Receivables (net of allowance for uncollectibles)	1,272,002	53,790	1,325,792
Due from other funds	186,639	-	186,639
Inventories	22,509	-	22,509
Prepaid items	79,391	5,978	85,369
Restricted assets:			
Restricted cash	2,502,079	-	2,502,079
Restricted accrued interest	-	971	971
Restricted investments	-	350,000	350,000
Total assets	<u>\$ 6,990,438</u>	<u>\$ 1,098,354</u>	<u>\$ 8,088,792</u>
Liabilities, Deferred Inflows and Fund Balances:			
Liabilities:			
Accounts payable	\$ 206,742	\$ 23,378	\$ 230,120
Accrued expenditures	291,579	10,597	302,176
Unearned revenue	21,951	-	21,951
Total liabilities	<u>520,272</u>	<u>33,975</u>	<u>554,247</u>
Deferred inflows of resources:			
Unavailable revenue - property taxes	111,266	30,434	141,700
Total deferred inflows of resources	<u>111,266</u>	<u>30,434</u>	<u>141,700</u>
Fund balances:			
Nonspendable fund balance:			
Prepaid items	79,391	5,978	85,369
Inventories	22,509	-	22,509
Permanent fund principal	-	350,000	350,000
Restricted fund balance:			
Municipal court security and technology	141,639	-	141,639
Public programming facilities	120,004	-	120,004
Park maintenance	67,890	-	67,890
Fire department	4,107	-	4,107
Equipment purchase	23,028	-	23,028
Debt service	-	198,922	198,922
Capital acquisition	2,145,411	-	2,145,411
MK Brown Auditorium	-	197,544	197,544
Lovett Library	-	272,244	272,244
Law enforcement	-	9,257	9,257
Assigned fund balance:			
Animal shelter	12,000	-	12,000
Vehicle replacement	501,021	-	501,021
Dumpster & sanitation equipment	293,946	-	293,946
Law enforcement	1,673	-	1,673
Unassigned fund balance	<u>2,946,281</u>	<u>-</u>	<u>2,946,281</u>
Total fund balances	<u>6,358,900</u>	<u>1,033,945</u>	<u>7,392,845</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 6,990,438</u>	<u>\$ 1,098,354</u>	<u>\$ 8,088,792</u>

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

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE BALANCE SHEET - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
SEPTEMBER 30, 2019

Total fund balances - Governmental Funds	\$	7,392,845
<p>The City uses an internal service fund to charge the costs of providing dental benefits to its employees to appropriate functions in other funds. The assets and liabilities of internal service funds are included in governmental activities in the Statement of Net Position, but not in the Governmental Funds Balance Sheet. The net effect of this consolidation is to increase net position.</p>		
		52,392
<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 \$45,846,760 and the accumulated depreciation was \$37,365,583. 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 \$7,714,728. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term debt in the governmental activities is to increase net position.</p>		
		766,449
<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, 2019, the amount of capital outlays and debt principal payments were \$504,746 and \$663,534 respectively. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.</p>		
		1,168,280
<p>Included in the items related to debt is the recognition of the City's net pension liability as required by GASB 68, as amended. For the year ended September 30, 2019 the net pension liability was \$11,720,769, the deferred inflow related to pensions was \$510,547 and the deferred outflow related to pensions was \$2,452,298. The net effect of recognition of the net pension liability is to decrease net position.</p>		
		(9,779,018)
<p>Included in the items related to debt is the recognition of the City's total OPEB liability as required by GASB 75. For the year ended September 30, 2019 the total OPEB liability was \$470,156, the deferred inflow related to OPEB was \$40,388 and the deferred outflow related to OPEB was \$31,474. The net effect of recognition of the net OPEB liability is to decrease net position.</p>		
		(479,070)
<p>The 2019 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.</p>		
		(1,033,237)
<p>During 2019, the City issued the Series 2019 Tax Notes for the purchase of various general fund equipment and improvements. The proceeds of the notes were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of the tax note issuance is to decrease net position.</p>		
		(2,185,000)
<p>Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable and unearned revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net position.</p>		
		160,213
Net position of Governmental Activities	\$	(3,936,146)

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, 2019

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
Revenues:			
Taxes:			
Property taxes	\$ 3,273,209	\$ 897,378	\$ 4,170,587
Sales taxes	3,245,164	-	3,245,164
Other taxes	1,189,494	248,164	1,437,658
Penalties and interest on taxes	78,155	8,627	86,782
Licenses and permits	260,780	-	260,780
Intergovernmental	70,973	3,000	73,973
Charges for services	3,923,038	31,075	3,954,113
Fines	368,533	5,325	373,858
Investment earnings	69,544	18,186	87,730
Contributions and donations	59,786	54,884	114,670
Other revenue	173,109	445	173,554
	<u>12,711,785</u>	<u>1,267,084</u>	<u>13,978,869</u>
Total revenues			
Expenditures:			
Current:			
General government	1,981,660	-	1,981,660
Public safety	7,245,200	500	7,245,700
Streets and traffic	1,351,336	-	1,351,336
Solid waste management	1,281,381	-	1,281,381
Culture and recreation	701,405	668,097	1,369,502
Capital outlay	443,998	60,748	504,746
Debt service:			
Principal retirement	110,965	552,569	663,534
Interest and fiscal charges	23,341	169,323	192,664
Tax notes issuance costs	40,000	-	40,000
	<u>13,179,286</u>	<u>1,451,237</u>	<u>14,630,523</u>
Total expenditures			
Excess (deficiency) of revenues over (under) expenditures	<u>(467,501)</u>	<u>(184,153)</u>	<u>(651,654)</u>
Other financing sources (uses):			
Issuance of tax notes	2,185,000	-	2,185,000
Transfers in	202,710	188,000	390,710
Transfers out	<u>(327,000)</u>	<u>(102,000)</u>	<u>(429,000)</u>
Total other financing sources (uses)	<u>2,060,710</u>	<u>86,000</u>	<u>2,146,710</u>
Net change in fund balances	1,593,209	(98,153)	1,495,056
Fund balances at beginning of year	<u>4,765,691</u>	<u>1,132,098</u>	<u>5,897,789</u>
Fund balances at end of year	<u>\$ 6,358,900</u>	<u>\$ 1,033,945</u>	<u>\$ 7,392,845</u>

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

CITY OF PAMPA, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES - GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF ACTIVITIES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

Total net changes in fund balances - Governmental Funds	\$ 1,495,056
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 position.	(740)
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, 2019, the amount of capital outlays and debt principal payments were \$504,746 and \$663,534, respectively. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	1,168,280
The 2019 depreciation expense increased accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(1,033,237)
GASB 68, as amended, requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2018 caused the change in the ending net position to increase in the amount of \$988,129. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$962,352. The net pension expense decreased the change in net position by \$166,264. The cumulative result of these changes is to decrease the change in net position by \$140,487.	(140,487)
GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/2018 caused the change in the ending net position to increase in the amount of \$11,527. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$11,081. Recognition of the City's TMRS OPEB expense decreased the change in net position by \$21,025. The result of these change is to decrease the change in net position by \$20,579.	(20,579)
During 2019, the City issued the Series 2019 Tax Notes for the purchase of various general fund equipment and improvements. The proceeds of the notes were reported as other financing resources on the fund financial statements but should be reported as long term debt on the government-wide financial statements. The effect of the tax note issuance is to decrease net position.	(2,185,000)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to the accrual basis of accounting. These include recognizing unavailable revenue as revenue, eliminating inter-fund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications, eliminations, and recognitions is to increase net position.	71,398
Change in net position of Governmental Activities	\$ <u><u>(645,309)</u></u>

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

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CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
BUDGET AND ACTUAL - GENERAL FUND
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 3,384,680	\$ 3,411,680	\$ 3,273,209	\$ (138,471)
Sales taxes	3,550,000	3,550,000	3,245,164	(304,836)
Other taxes	1,287,370	1,279,215	1,189,494	(89,721)
Penalties and interest on taxes	60,000	75,000	78,155	3,155
Licenses and permits	314,700	272,700	260,780	(11,920)
Intergovernmental	64,040	78,652	70,973	(7,679)
Charges for services	3,929,973	3,938,573	3,923,038	(15,535)
Fines	481,600	456,600	368,533	(88,067)
Investment earnings	52,855	67,355	69,544	2,189
Contributions and donations	34,000	60,246	59,786	(460)
Other revenue	98,000	187,156	173,109	(14,047)
	<u>13,257,218</u>	<u>13,377,177</u>	<u>12,711,785</u>	<u>(665,392)</u>
Total revenues				
Expenditures:				
Current:				
General government	2,060,102	2,061,483	1,981,660	79,823
Public safety	7,391,596	7,480,172	7,245,200	234,972
Streets and traffic	1,448,030	1,436,673	1,351,336	85,337
Solid waste management	1,370,282	1,337,980	1,281,381	56,599
Culture and recreation	791,198	787,327	701,405	85,922
Capital outlay	463,600	539,963	443,998	95,965
Debt service:				
Principal retirement	110,966	110,734	110,965	(231)
Interest and fiscal charges	18,184	23,945	23,341	604
Tax notes issuance costs	-	-	40,000	(40,000)
	<u>13,653,958</u>	<u>13,778,277</u>	<u>13,179,286</u>	<u>598,991</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>(396,740)</u>	<u>(401,100)</u>	<u>(467,501)</u>	<u>(66,401)</u>
Other financing sources (uses):				
Transfers in	202,710	202,710	202,710	-
Transfers out	(327,000)	(327,000)	(327,000)	-
Issuance of tax notes	-	-	2,185,000	2,185,000
	<u>(124,290)</u>	<u>(124,290)</u>	<u>2,060,710</u>	<u>2,185,000</u>
Total other financing sources (uses)				
Net change in fund balances	(521,030)	(525,390)	1,593,209	2,118,599
Fund balances at beginning of year	<u>4,765,691</u>	<u>4,765,691</u>	<u>4,765,691</u>	<u>-</u>
Fund balances at end of year	<u>\$ 4,244,661</u>	<u>\$ 4,240,301</u>	<u>\$ 6,358,900</u>	<u>\$ 2,118,599</u>

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

CITY OF PAMPA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Funds	Internal Service Fund
Assets:						
Current assets:						
Cash and cash equivalents	\$ 4,547,638	\$ 1,954,456	\$ -	\$ 213,990	\$ 6,716,084	\$ 54,650
Investments	3,833,700	700,000	-	-	4,533,700	-
Restricted assets - current:						
Cash and cash equivalents	177,134	95,155	-	14,023	286,312	-
Investments	916,000	748,000	-	9,700	1,673,700	-
Receivables	272,088	-	-	-	272,088	-
Other assets	38,664	-	-	-	38,664	-
Accrued interest receivable	52,048	27,731	-	191	79,970	-
Receivables - net of uncollectible allowance	985,053	109,020	-	1,305	1,095,378	-
Note receivable	-	-	-	177,157	177,157	-
Prepaid expense	13,205	240	-	510	13,955	-
Inventories	373,759	-	1,892	-	375,651	-
Total current assets	11,209,289	3,634,602	1,892	416,876	15,262,659	54,650
Non-current assets:						
Note receivable	-	-	-	569,558	569,558	-
Capital assets:						
Land	86,934	53,125	90,568	545,514	776,141	-
Water rights	7,588,780	-	-	-	7,588,780	-
Buildings and improvements	33,688,581	7,617,773	4,616,490	2,260,700	48,183,544	-
Vehicles and equipment	4,317,624	4,200,047	25,801	828,687	9,372,159	-
Surface water supply contracts	5,419,278	-	-	-	5,419,278	-
Roads	-	215,295	-	-	215,295	-
Construction in progress	184,658	-	-	-	184,658	-
Less: accumulated depreciation and amortization	(30,661,039)	(9,377,333)	(1,285,026)	(1,960,680)	(43,284,078)	-
Unamortized landfill permit costs	-	550,557	-	-	550,557	-
Total non-current assets	20,624,816	3,259,464	3,447,833	2,243,779	29,575,892	-
Total assets	31,834,105	6,894,066	3,449,725	2,660,655	44,838,551	54,650
Deferred outflows:						
Deferred charge on refunding	120,032	94,017	-	369	214,418	-
Deferred outflow related to TMRS	385,094	104,188	-	-	489,282	-
Total deferred outflows of resources	505,126	198,205	-	369	703,700	-
Liabilities:						
Current liabilities:						
Accounts payable	140,809	30,434	1,407	8,953	181,603	-
Accrued expenses	36,270	12,922	-	-	49,192	-
Claims and judgments payable	-	-	-	-	-	2,258
Due to other funds	-	-	33,832	152,807	186,639	-
Accrued interest payable	49,208	20,505	-	7,638	77,351	-
Unearned revenue	-	-	-	35,645	35,645	-
Customer deposits	374,716	-	-	-	374,716	-
Bonds payable - current:						
Revenue bonds and certificates of obligation	381,627	315,109	-	10,000	706,736	-
CRMWA obligations	465,020	-	-	-	465,020	-
Capital leases payable - current	-	-	-	91,059	91,059	-
Compensated absences	46,364	19,976	-	-	66,340	-
Total current liabilities	1,494,014	398,946	35,239	306,102	2,234,301	2,258
Non-current liabilities:						
Revenue bonds and certificates of obligation (net)	3,067,949	2,373,639	-	20,000	5,461,588	-
CRMWA obligations (net)	4,436,085	-	-	-	4,436,085	-
Net pension liability	1,823,315	475,613	-	-	2,298,928	-
Total OPEB liability	68,252	23,963	-	-	92,215	-
Capital leases payable	-	-	-	281,978	281,978	-
Compensated absences	15,455	6,659	-	-	22,114	-
Landfill closure liability	-	1,888,096	-	-	1,888,096	-
Total non-current liabilities	9,411,056	4,767,970	-	301,978	14,481,004	-
Total liabilities	10,905,070	5,166,916	35,239	608,080	16,715,305	2,258
Deferred inflows of resources:						
Deferred inflow related to TMRS	80,543	27,750	-	-	108,293	-
Total deferred inflows of resources	80,543	27,750	-	-	108,293	-
Net position:						
Net investment in capital assets	12,526,029	1,977,519	3,447,833	1,271,553	19,222,934	-
Restricted for debt service	1,264,883	822,650	-	6,385	2,093,918	-
Unrestricted	7,562,706	(902,564)	(33,347)	775,006	7,401,801	52,392
Total net position	\$ 21,353,618	\$ 1,897,605	\$ 3,414,486	\$ 2,052,944	\$ 28,718,653	\$ 52,392

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

CITY OF PAMPA, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds				Total Enterprise Funds	Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds		
Operating revenues:						
Charges for services	\$ 7,824,185	\$ 1,952,697	\$ 238,246	\$ 261,344	\$ 10,276,472	\$ 94,007
Rent	200	-	19,100	33,739	53,039	-
Other revenues	134,429	43,226	6,081	30,641	214,377	-
Total operating revenues	7,958,814	1,995,923	263,427	325,724	10,543,888	94,007
Operating expenses:						
Personnel services	1,326,735	491,675	170,332	-	1,988,742	-
Contractual services	2,174,646	242,574	32,347	278,551	2,728,118	5,812
Supplies and materials	459,116	330,134	108,937	83,452	981,639	-
Depreciation and amortization	1,209,290	459,026	155,546	164,799	1,988,661	-
Intercity administrative charges	943,436	87,540	25,361	37,290	1,093,627	-
Insurance and claims	96,237	38,980	12,548	58,523	206,288	89,078
Total operating expenses	6,209,460	1,649,929	505,071	622,615	8,987,075	94,890
Operating income (loss)	1,749,354	345,994	(241,644)	(296,891)	1,556,813	(883)
Non-operating revenues (expenses):						
Investment earnings	186,053	57,822	37	4,305	248,217	143
Gain on sale of materials and equipment	-	-	-	983,885	983,885	-
Interest and fiscal charges	(305,008)	(89,479)	(3,400)	(20,407)	(418,294)	-
Total non-operating revenues (expenses)	(118,955)	(31,657)	(3,363)	967,783	813,808	143
Income (loss) before transfers	1,630,399	314,337	(245,007)	670,892	2,370,621	(740)
Transfers in	-	-	50,000	203,800	253,800	-
Transfers out	(65,510)	-	-	(150,000)	(215,510)	-
Change in net position	1,564,889	314,337	(195,007)	724,692	2,408,911	(740)
Total net position - beginning of year	19,788,729	1,583,268	3,609,493	1,328,252	26,309,742	53,132
Total net position - end of year	\$ 21,353,618	\$ 1,897,605	\$ 3,414,486	\$ 2,052,944	\$ 28,718,653	\$ 52,392

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, 2019

	Business-type Activities - Enterprise Funds					Governmental Activities Internal Service Fund
	Water and Sewer System	Solid Waste Management	Aquatics Center	Other Enterprise Funds	Total Enterprise Total	
Cash flows from operating activities:						
Receipts from customers and users	\$ 7,969,928	\$ 2,018,274	\$ 263,427	\$ 303,921	\$ 10,555,550	\$ -
Receipts from inter-fund services provided	-	-	-	-	-	94,007
Payments to employees	(1,295,199)	(489,859)	(170,332)	-	(1,955,390)	-
Payments to insurance claims	-	-	-	-	-	(91,743)
Payments to suppliers	(2,893,458)	(503,967)	(152,406)	(426,471)	(3,976,302)	(5,812)
Payments for inter-fund services used	(943,436)	(87,540)	8,471	78,354	(944,151)	-
Net cash flows from operating activities	<u>2,837,835</u>	<u>936,908</u>	<u>(50,840)</u>	<u>(44,196)</u>	<u>3,679,707</u>	<u>(3,548)</u>
Cash flows from non-capital financing activities:						
Transfers from other funds	-	-	50,000	203,800	253,800	-
Transfers to other funds	(65,510)	-	-	(150,000)	(215,510)	-
Net cash flows from non-capital financing activities	<u>(65,510)</u>	<u>-</u>	<u>50,000</u>	<u>53,800</u>	<u>38,290</u>	<u>-</u>
Cash flows from capital and related financing activities:						
Acquisition and construction of capital assets	(930,288)	(765,490)	(11,973)	(388,988)	(2,096,739)	-
Proceeds from sale of materials and equipment	-	-	-	78,600	78,600	-
Proceeds from capital lease	-	-	-	268,269	268,269	-
Principal received on notes receivable	-	-	-	198,902	198,902	-
Principal paid on capital debt	(790,683)	(301,546)	-	(105,648)	(1,197,877)	-
Interest paid on capital debt	(366,686)	(72,824)	(3,400)	(15,005)	(457,915)	-
Net cash flows from capital and related financing activities	<u>(2,087,657)</u>	<u>(1,139,860)</u>	<u>(15,373)</u>	<u>36,130</u>	<u>(3,206,760)</u>	<u>-</u>
Cash flows from investing activities:						
Purchase of investments (net of redemptions of investments)	(1,849,700)	(948,000)	-	90,300	(2,707,400)	-
Interest and dividends received	148,895	34,281	37	4,365	187,578	143
Net cash flows from investing activities	<u>(1,700,805)</u>	<u>(913,719)</u>	<u>37</u>	<u>94,665</u>	<u>(2,519,822)</u>	<u>143</u>
Net increase (decrease) in cash and cash equivalents	(1,016,137)	(1,116,671)	(16,176)	140,399	(2,008,585)	(3,405)
Cash and cash equivalents at beginning of year	<u>5,740,909</u>	<u>3,166,282</u>	<u>16,176</u>	<u>87,614</u>	<u>9,010,981</u>	<u>58,055</u>
Cash and cash equivalents at end of year	<u>\$ 4,724,772</u>	<u>\$ 2,049,611</u>	<u>\$ -</u>	<u>\$ 228,013</u>	<u>\$ 7,002,396</u>	<u>\$ 54,650</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:						
Operating income (loss)	\$ 1,749,354	\$ 345,994	\$ (241,644)	\$ (296,891)	\$ 1,556,813	\$ (883)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:						
Depreciation and amortization	1,209,290	459,026	155,546	164,799	1,988,661	-
Changes in assets & liabilities:						
(Increase) decrease in:						
Receivables	(9,441)	22,351	-	5,668	18,578	-
Other assets	10,634	-	-	-	10,634	-
Prepaid expense	(851)	-	-	(270)	(1,121)	-
Inventories	(3,248)	-	1,577	-	(1,671)	-
Deferred outflows related to TMRS	(214,194)	(74,901)	-	-	(289,095)	-
Increase (decrease) in:						
Accounts payable	(152,449)	1,979	(151)	(5,675)	(156,296)	(2,665)
Accrued expenses	1,983	321	-	-	2,304	-
Due to other funds	-	-	33,832	115,644	149,476	-
Unearned revenue	-	-	-	(27,471)	(27,471)	-
Net pension liability	313,096	109,487	-	-	422,583	-
Total OPEB liability	(3,796)	(1,328)	-	-	(5,124)	-
Deferred inflows related to TMRS	(71,651)	(25,055)	-	-	(96,706)	-
Customer deposits	3,010	-	-	-	3,010	-
Compensated absences	6,098	(6,708)	-	-	(610)	-
Landfill closure liability	-	105,742	-	-	105,742	-
Total adjustments	<u>1,088,481</u>	<u>590,914</u>	<u>190,804</u>	<u>252,695</u>	<u>2,122,894</u>	<u>(2,665)</u>
Net cash provided by operating activities	<u>\$ 2,837,835</u>	<u>\$ 936,908</u>	<u>\$ (50,840)</u>	<u>\$ (44,196)</u>	<u>\$ 3,679,707</u>	<u>\$ (3,548)</u>
Reconciliation of total cash and cash equivalents:						
Cash and cash equivalents on statement of net position	\$ 4,547,638	\$ 1,954,456	\$ -	\$ 213,990	\$ 6,716,084	\$ 54,650
Restricted cash and cash equivalents on statement of net position	<u>177,134</u>	<u>95,155</u>	<u>-</u>	<u>14,023</u>	<u>286,312</u>	<u>-</u>
Total cash and cash equivalents	<u>\$ 4,724,772</u>	<u>\$ 2,049,611</u>	<u>\$ -</u>	<u>\$ 228,013</u>	<u>\$ 7,002,396</u>	<u>\$ 54,650</u>

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

**CITY OF PAMPA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
SEPTEMBER 30, 2019**

	<u>Agency Fund</u> <u>Municipal Court</u> <u>Bail Bond</u>
Assets:	
Cash and cash equivalents	\$ <u>1,180</u>
Total assets	\$ <u><u>1,180</u></u>
Liabilities:	
Deposits	\$ <u>1,180</u>
Total liabilities	\$ <u><u>1,180</u></u>

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

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CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

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

A. Reporting Entity

The Financial Reporting Entity

The City is a municipality governed by an elected five member commission made up of the Mayor and four other commissioners. In evaluating how to define the City, for financial reporting purposes, management has considered all potential component units. The decision to include any potential component units in the financial reporting entity was made by applying the criteria set forth in GASB 61 – *The Financial Reporting Entity: Omnibus* (GASB 61). Blended component units, although legally separate entities, are, in substance, part of the government's operations. Each discretely presented component unit is reported in a separate column in the government-wide financial statements to emphasize that it is legally separate from the government.

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

A. Reporting Entity (continued)

Individual Component Unit Disclosures

Discretely presented component units:

The component unit column in the government-wide financial statements includes the financial data of the Pampa Economic Development Corporation (the "PEDC") which was established by voters of the City in November 2005. This PEDC was established for the promotion of business and economic development in and around the City, and is being funded by a ½ cent sales tax also approved by the voters of the City. In December 2005, the City appointed a separate seven member board of directors that have the responsibility of managing the activities of the PEDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the PEDC in February 2006. The PEDC also began its operations during the year ended September 30, 2006, and began receiving the ½ cent sales tax which is being used to fund operations of the PEDC. The City is responsible for approving the operating budget of the PEDC as adopted by the seven member board of directors. The PEDC has elected to prepare separate financial statements for the year ended September 30, 2019, which include a complete set of financial statements and footnote disclosures. A copy of the annual financial statements may be obtained by contacting the PEDC at P.O. Box 2398, Pampa, Texas, 79065. During the year ended September 30, 2019, the City remitted \$1,081,721 to the PEDC for its portion of the sales taxes received from the State Comptroller.

Related Organizations

The City Commission is also responsible for appointing one of the five board members of the Gray County Appraisal District ("GCAD") and has the ability to suggest changes to the District's budget. The District assesses property valuations for all the taxing entities in Gray County. The City remits a fee to the GCAD for its services. The City has no authority over the District or accountability beyond that mentioned above. During the year ended September 30, 2019, the City remitted \$93,650 to the GCAD for their contributions toward the GCAD annual expenses.

Jointly Governed Organizations

The Canadian River Municipal Water Authority ("CRMWA") is a water district that was created in 1953 by the Texas Legislature to construct a dam, water reservoir and aqueduct system for the purpose of supplying water to surrounding municipalities. Its geographic area includes the surface water in the Texas Panhandle known as Lake Meredith, and the aqueduct system which supplies eleven cities. The affairs of CRMWA are governed by a board of nineteen individual members. The City, as one of the eleven cities, appoints two members. Prior to construction, each city contracted to purchase surface water and was allotted a portion of the water rights together with a proportional amount of the construction costs. On May 15, 1996, the City, along with other members, entered into a contract for the purchase and construction of a conjunctive use ground water supply, as more fully described in notes 8 and 12. The City does not appoint a significant portion of the governing board, designate management, nor have the ability to significantly influence operations. A copy of the annual financial statements may be obtained by contacting CRMWA at P.O. Box 9, Sanford, Texas, 79078. During the year ended September 30, 2019, the City remitted \$1,515,954 to CRMWA for their portion of the CRMWA outstanding debt, and for operational and pumping costs.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

B. Government-Wide and Fund Financial Statements

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

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

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

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

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The fiduciary fund financial statements are also prepared using the *accrual basis of accounting*, but have no measurement focus.

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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 fund:

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.

The City reports the following major proprietary funds:

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

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

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

The 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, 2019**

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

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

Additionally, the City reports the following fund types:

Non-major governmental funds:

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

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

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

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

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

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

Non-major proprietary funds:

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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

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

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

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

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

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

D. Budgets

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

D. Budgets (continued)

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

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

E. Encumbrances

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

F. Cash and Investments

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

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

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

Investments are stated at cost which approximates fair value.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

G. Receivables

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

H. Short-Term Inter-fund Receivables/Payables

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

I. Inventories and Prepaid Items

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

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

J. Restricted Assets

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

K. Capital Assets

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

**CITY OF PAMPA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

K. Capital Assets (continued)

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

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

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

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

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

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

In order to better track the collection, the City has created a separate category on its financial statements for these assets.

L. Compensated Absences

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

M. Long-Term Obligations

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

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

N. Net Position and Fund Balance

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

- **Nonspendable** – The nonspendable fund balance classification includes amounts that cannot be spent because they are either (a) not in a spendable form or (b) legally or contractually required to be maintained intact.
- **Restricted** – The restricted fund balance classification includes amounts that are restricted to specific purposes. Fund balance is reported as restricted when constraints placed on the use of resources are either (a) externally imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation.
- **Committed** – The committed fund balance classification includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal action of the City's highest level of decision making authority, the City Commission, in the form of a resolution. Commitments may be changed or lifted only by taking the same formal action that imposed the constraints originally.
- **Assigned** – The assigned fund balance classification includes amounts that are constrained by the City's intent to be used for specific purposes, but are neither restricted nor committed. The City Commission has delegated the authority to assign fund balance to the finance committee which is comprised of the City Manager and the City's Finance Director. Fund balance is assigned through the unanimous vote of the members of the City's finance committee.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

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

N. Net Position and Fund Balance (continued)

- Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund. The general fund is the only fund that reports an unassigned fund balance amount.

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

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

O. Deferred Outflows/Inflows of Resources

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

O. Deferred Outflows/Inflows of Resources (continued)

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

Amounts reported as deferred outflows/inflows on the City's financial statements as of September 30, 2019 are as follows:

	Governmental Activities	Business-type Activities	Total Primary Government
Deferred outflows of resources:			
Deferred charge on refunding	\$ 115,529	\$ 214,418	\$ 329,947
Deferred outflow related to TMRS - pensions	2,452,298	483,109	2,935,407
Deferred outflow related to TMRS - OPEB	31,474	6,173	37,647
Total deferred outflows of resources	<u>\$ 2,599,301</u>	<u>\$ 703,700</u>	<u>\$ 3,303,001</u>
Deferred inflows of resources:			
Deferred inflow related to TMRS - pensions	\$ 510,547	\$ 100,371	\$ 610,918
Deferred inflow related to TMRS - OPEB	40,388	7,922	48,310
Total deferred inflows of resources	<u>\$ 550,935</u>	<u>\$ 108,293</u>	<u>\$ 659,228</u>

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

P. Pensions

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

Q. Other Post-Employment Benefits

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 2. STEWARDSHIP, COMPLIANCE AND RESPONSIBILITY:

Other Individual Fund Disclosures

None of the City's funds had material amounts of excess of expenditures over appropriations (exclusive of depreciation) for the year ended September 30, 2019. The City did not budget for the tax note transaction, therefore a negative variance exists in the issuance costs. The remaining variance is immaterial. Also, the City did not budget for the controlled substances special revenue fund, therefore a negative variance exists in total expenditures. The variance in expenditures for the fund is immaterial.

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

Management of the City is also aware of the deficit in unrestricted net position in the solid waste management fund and the aquatics center fund, and will continue to assess the operations of the City's landfill and aquatics center in the future. The result of the current year's operations was an increase in net position of \$314,337 in the solid waste management fund and a decrease of \$195,007 in the aquatics center fund.

NOTE 3. DEPOSITS AND INVESTMENTS:

Legal and Contractual Provisions Governing Deposits and Investments

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

Throughout the year, as permitted by State statute and the City Charter, required reserves and funds held pending expenditures were invested in either certificates of deposit or Federal Home Loan Bank Bonds. At September 30, 2019 all of the City's investments, as shown below, are reflected at cost, which approximates fair value.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments

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

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

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

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

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

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 3. DEPOSITS AND INVESTMENTS (continued):

Policies Governing Deposits and Investments (continued)

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

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

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

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

Investments Held

At September 30, 2019 , the carrying amounts of the City’s investments are shown below. The City did not invest in any other types of investments other than certificates of deposit during the year ended September 30, 2019.

	Credit Rating	Carrying Amount	Fair Value
Certificates of Deposit:			
General fund	N/A	\$ 770,000	\$ 770,000
Other governmental funds	N/A	458,000	458,000
Water and sewer system	N/A	4,749,700	4,749,700
Solid waste management	N/A	1,448,000	1,448,000
Other enterprise funds	N/A	9,700	9,700
Total primary government		<u>\$ 7,435,400</u>	<u>\$ 7,435,400</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 4. RECEIVABLES:

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

	<u>General Fund</u>	<u>Special Revenue Funds</u>	<u>Debt Service</u>	<u>Enterprise Funds</u>	<u>Total</u>
Receivables:					
Property taxes	\$ 273,201	\$ 15,294	\$ 56,652	\$ -	\$ 345,147
Other taxes	767,142	23,282	-	-	790,424
Accounts	371,999	74	-	1,114,527	1,486,600
Grants from federal, state, and local sources	28,347	-	-	-	28,347
CRMWA	-	-	-	272,088	272,088
Total receivables	<u>1,440,689</u>	<u>38,650</u>	<u>56,652</u>	<u>1,386,615</u>	<u>2,922,606</u>
Less allowance for uncollectibles:					
Property taxes	161,935	8,542	32,970	-	203,447
Accounts	6,752	-	-	19,149	25,901
Total allowance for uncollectibles	<u>168,687</u>	<u>8,542</u>	<u>32,970</u>	<u>19,149</u>	<u>229,348</u>
Total net receivables	<u>\$ 1,272,002</u>	<u>\$ 30,108</u>	<u>\$ 23,682</u>	<u>\$ 1,367,466</u>	<u>\$ 2,693,258</u>

Property taxes attach as an enforceable lien on property as of January 1. Property taxes are levied on October 1 and become delinquent after January 31. The taxes accrue interest beginning February 1. Current year property taxes are collected from the levy date October 1 through June 30, at which time the taxes are classified as delinquent and assessed penalties beginning July 1. The delinquent taxes receivable account represents past years uncollected tax levies. The allowance for estimated uncollectible amounts is 58.95% of the total delinquent taxes receivable at September 30, 2019. 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 2018 tax roll for the 2018-2019 fiscal year was \$.677000 per \$100 of assessed valuation, of which \$.531211 was designated to finance general governmental services, \$.115789 was designated for debt service and \$.03 was for the maintenance and support of the Lovett Memorial Library. The resulting tax levy was \$4,201,155 on an assessed value of \$620,554,407 (after exemptions and adjustments).

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 5. RESTRICTED ASSETS:

The City had the following restricted assets as of September 30, 2019:

	<u>General Fund</u>	<u>Non-major Governmental Funds</u>	<u>Water and Sewer System</u>	<u>Solid Waste Management</u>	<u>Non-major Enterprise Funds</u>	<u>Total</u>
Restricted cash:						
Construction and capital acquisition	\$ 2,145,411	\$ -	\$ -	\$ -	\$ -	\$ 2,145,411
Municipal court security & technology	141,639	-	-	-	-	141,639
Public programming facilities	120,004	-	-	-	-	120,004
Park maintenance	67,890	-	-	-	-	67,890
Fire department	4,107	-	-	-	-	4,107
Equipment purchase	23,028	-	-	-	-	23,028
Revenue bond debt service	-	-	126,000	95,155	14,023	235,178
Water and sewer utility deposits	-	-	51,134	-	-	51,134
	<u>-\$ 2,502,079</u>	<u>-\$ -</u>	<u>\$ 177,134</u>	<u>\$ 95,155</u>	<u>\$ 14,023</u>	<u>\$ 2,788,391</u>
Restricted accrued interest receivable:						
M.K. Brown Auditorium	\$ -	\$ 971	\$ -	\$ -	\$ -	\$ 971
Restricted investments:						
M.K. Brown Auditorium	\$ -	\$ 350,000	\$ -	\$ -	\$ -	\$ 350,000
Revenue bond debt service	-	-	916,000	748,000	9,700	1,673,700
	<u>-\$ -</u>	<u>\$ 350,000</u>	<u>\$ 916,000</u>	<u>\$ 748,000</u>	<u>\$ 9,700</u>	<u>\$ 2,023,700</u>
Restricted receivable:						
CRMWA debt service	\$ -	\$ -	\$ 272,088	\$ -	\$ -	\$ 272,088
Restricted other assets:						
CRMWA other asset	\$ -	\$ -	\$ 38,664	\$ -	\$ -	\$ 38,664

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS:

Capital asset activity for the year ended September 30, 2019 was as follows:

Primary Government:

Governmental activities:	Balance		Sales,		Balance
	Oct. 1, 2018	Additions	Retirements,	and	Sept. 30, 2019
			Transfers		
Capital assets, not being depreciated					
Land	\$ 48,829	\$ -	\$ -		\$ 48,829
Collection	203,500	-	-		203,500
Total capital assets, not being depreciated	<u>252,329</u>	<u>-</u>	<u>-</u>		<u>252,329</u>
Capital assets being depreciated:					
Roads	18,809,864	-	-		18,809,864
Buildings and improvements	12,775,826	75,359	-		12,851,185
Vehicles and equipment	14,008,741	429,387	(65,361)		14,372,767
Total capital assets, being depreciated	<u>45,594,431</u>	<u>504,746</u>	<u>(65,361)</u>		<u>46,033,816</u>
Less accumulated depreciation for:					
Roads	18,809,864	-	-		18,809,864
Buildings and improvements	7,586,411	323,514	-		7,909,925
Vehicles and equipment	10,969,308	709,723	(151,279)		11,527,752
Total accumulated depreciation	<u>37,365,583</u>	<u>1,033,237</u>	<u>(151,279)</u>		<u>38,247,541</u>
Total capital assets, being depreciated, net	<u>8,228,848</u>	<u>(528,491)</u>	<u>85,918</u>		<u>7,786,275</u>
Total Governmental Activities capital assets, net	<u>\$ 8,481,177</u>	<u>\$ (528,491)</u>	<u>\$ 85,918</u>		<u>\$ 8,038,604</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS (continued):

Business-type activities:	Balance		Sales,		Balance
	Oct. 1, 2018	Additions	Retirements,	Adjustments	Sept. 30, 2019
			& Transfers		
Capital assets, not being depreciated					
Land	\$ 788,941	\$ -	\$ (12,800)		\$ 776,141
Construction in progress	676,924	77,158	(569,424)		184,658
Total capital assets, not being depreciated	<u>1,465,865</u>	<u>77,158</u>	<u>(582,224)</u>		<u>960,799</u>
Capital assets being depreciated:					
Roads	215,295	-	-		215,295
Buildings and improvements	46,927,133	1,256,410	-		48,183,543
Vehicles and equipment	8,345,838	1,425,679	(439,152)		9,332,365
Water rights	7,588,780	-	-		7,588,780
Surface water supply contracts	5,419,278	-	-		5,419,278
Total capital assets, being depreciated	<u>68,496,324</u>	<u>2,682,089</u>	<u>(439,152)</u>		<u>70,739,261</u>
Less accumulated depreciation for:					
Roads	215,295	-	-		215,295
Buildings and improvements	29,500,133	1,321,977	-		30,822,110
Vehicles and equipment	7,111,909	444,243	(308,018)		7,248,134
Water rights	1,555,407	151,775	-		1,707,182
Surface water supply contracts	3,187,806	63,756	-		3,251,562
Total accumulated depreciation	<u>41,570,550</u>	<u>1,981,751</u>	<u>(308,018)</u>		<u>43,244,283</u>
Total capital assets, being depreciated, net	<u>26,925,774</u>	<u>700,338</u>	<u>(131,134)</u>		<u>27,494,978</u>
Total Business-type Activities capital assets, net	<u>\$ 28,391,639</u>	<u>\$ 777,496</u>	<u>\$ (713,358)</u>		<u>\$ 28,455,777</u>

Construction in progress in the business-type activities consists of costs incurred related to improvements at the water and waste water treatment plants and addition of a kiosk for the utilities and municipal court departments that were not complete as of September 30, 2019. See further discussion related to the projects at Note 11.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 6. CAPITAL ASSETS (continued):

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

Governmental activities:	
General government	\$ 134,240
Public safety	364,767
Streets and traffic	165,627
Solid waste management	124,748
Culture and recreation	<u>243,855</u>
Total depreciation expense - Governmental Activities	<u>\$ 1,033,237</u>
Business-type activities:	
Water and sewer	\$ 1,209,290
Solid waste management	452,116
Aquatics center	155,546
Municipal golf course	150,562
Leased properties	<u>14,237</u>
Total depreciation expense - Business-type Activities	<u>\$ 1,981,751</u>

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>
2020	\$ 122,964	\$ 102,421
2021	122,964	102,421
2022	122,964	88,634
2023	-	61,058
2024	<u>-</u>	<u>61,058</u>
Total	368,892	415,592
Less: Amount representing interest at 2.6% to 6.43%	<u>18,385</u>	<u>42,555</u>
Present Value of Lease Payments	<u>\$ 350,507</u>	<u>\$ 373,037</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 7. LEASE OBLIGATIONS (continued):

Capital Leases (continued)

The following summarizes the assets acquired under capital leases:

	Governmental Activities	Municipal Golf Course
Cost of equipment	\$ 1,379,975	\$ 670,582
Accumulated depreciation	369,809	228,988
Net leased equipment	\$ 1,010,166	\$ 441,594

Operating Leases

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

Year Ending September 30,	General Fund	Other Governmental Funds	Water and Sewer System	Solid Waste Management
2020	\$ 127,544	\$ 3,533	\$ 15,650	\$ 8,613
2021	96,334	3,533	8,993	5,537
2022	63,498	3,533	820	2,461
2023	44,121	883	205	615
2024	20,556	-	-	-
	\$ 352,053	\$ 11,482	\$ 25,668	\$ 17,226

For the year ended September 30, 2019, rental expenditures under all operating leases for the General Fund and Other Governmental Funds have been recorded in the Statement of Revenues, Expenditures and Changes in Fund Balances in the amount of \$110,244 and \$3,891, respectively. Rental expenses under all operating leases for the Water and Sewer System Fund and the Solid Waste Management Fund have been recorded in the Statement of Revenues, Expenses and Changes in Net Position in the amount of \$16,532 and \$6,151, respectively.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT:

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

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

In March 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. A portion of the 2008 Obligations were refunded by the issuance of the 2017 Refunding Bonds. The 2008 Obligations were paid off during the year ended September 30, 2019.

In March 2009, the City issued \$9,100,000 of Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2009, (the "2009 Obligations"), that were used for the construction of public works, improvements and renovations to the City's waterworks and sewer system, parks and recreation improvements including the construction of the Aquatics Center, excavation and lining of a cell for the City's landfill; and costs of issuance and professional services rendered in relation to such projects. Proceeds from the 2009 Obligations were allocated between the General Fund, the Water and Sewer Fund, the Solid Waste Management Fund, and the Aquatics Center Fund in the amounts of \$250,000, \$2,518,000, \$3,242,000 and \$3,090,000 respectively. The remaining unpaid balance of 2009 Obligations allocated to the Aquatics Center Fund was transferred to the General Fund as of September 30, 2015. A portion of the 2009 Obligations were refunded by the issuance of the 2017 Refunding Bonds. The remaining outstanding balance of the 2009 Obligations as of September 30, 2019 was \$600,002.

In August 2012, the City issued \$2,970,000 in General Obligation Bonds, Series 2012 (the "2012 Obligations") that were used for the construction of an animal shelter. Interest on the bonds ranges from 2.00% to 3.50% and the bonds have maturities through 2032. All of the proceeds from the 2012 obligations were allocated to the City's General Fund. The outstanding balance of the 2012 Obligations as of September 30, 2019 was \$2,395,000.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT (continued):

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

In April 2015, the City issued \$1,960,000 of General Obligation Refunding Bonds, Series 2015 (the “2015 Refunding Bonds”). Proceeds from the sale of the 2015 Refunding Bonds were used to redeem a portion of the City’s remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Refunding Bonds, Series 2005, and pay costs of issuance of the bonds. Interest on the 2015 Refunding Bonds is 1.18% and the bonds have maturities through 2020. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$117,065. The reacquisition price on the bonds refunded was \$1,946,350, and the net carrying value was \$1,785,472, resulting in a net deferred charge on refunding of \$160,878, which is being amortized by the City using the effective interest method. The outstanding balance of the 2015 Refunding Bonds as of September 30, 2019 was \$395,000.

In August 2017, the City issued \$9,140,000 of General Obligation Refunding Bonds, Series 2017 (the “2017 Refunding Bonds”). Proceeds from the sale of the 2017 Refunding Bonds were used to redeem a portion of the City’s remaining outstanding Tax and Waterworks and Sewer System Surplus Revenue Certificates of Obligation, Series 2008 and Series 2009, and pay costs of issuance of the bonds. Interest on the 2017 Refunding Bonds is 2.14% and the bonds have maturities through 2028. The refunding resulted in a reduction of the total debt service requirements of the City by approximately \$954,325. The reacquisition price on the bonds refunded was \$9,038,493, and the net carrying value was \$8,666,246, resulting in a net deferred charge on refunding of \$372,247, which is being amortized by the City using the effective interest method. The outstanding balance of the 2017 Refunding Bonds as of September 30, 2019 was \$8,550,000.

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

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

The 2019 Tax Note is considered a direct borrowing. The total direct borrowings related to the Governmental Activities was \$2,185,000 as of September 30, 2019. The 2019 Tax Note is not subject to prepayment at the option of the City prior to maturity, and is payable to the Registered Owner, First National Bank Texas; Killeen, Texas.

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT (continued):

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

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2009 certificates of obligation, callable at par beginning June 1, 2019	4.00%	2021	\$ 220,231
2012 certificates of obligation, callable at par beginning June 1, 2023	2.50% - 3.50%	2032	2,395,000
2015 general obligation refunding bonds, not subject to redemption prior to maturity	1.18%	2020	395,000
2017 general obligation refunding bonds, callable at par beginning June 1, 2027	2.14%	2028	3,180,000
2019 general obligation tax note from direct borrowing, not subject to redemption prior to maturity	1.76%	2026	2,185,000
			<u>\$ 8,375,231</u>

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

<u>Fiscal year ending September 30,</u>	<u>General Obligation Bonds and Certificates of Obligation</u>		<u>General Obligation Tax Note from Direct Borrowing</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>	
2020	\$ 563,285	\$ 156,882	\$ 305,000	\$ 32,354	\$ 1,057,521
2021	541,946	146,606	300,000	30,448	1,019,000
2022	555,000	132,494	305,000	25,124	1,017,618
2023	570,000	119,112	310,000	19,712	1,018,824
2024	585,000	105,366	315,000	14,212	1,019,578
2025-2029	2,675,000	294,275	650,000	11,528	3,630,803
2030-2032	700,000	42,000	-	-	742,000
	<u>\$ 6,190,231</u>	<u>\$ 996,735</u>	<u>\$ 2,185,000</u>	<u>\$ 133,378</u>	<u>\$ 9,505,344</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 8. LONG-TERM DEBT (continued):

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

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

	<u>Interest Rates</u>	<u>Maturity Date</u>	<u>Amount Outstanding</u>
2009 certificates of obligation, callable at par beginning June 1, 2019	4.00%	2021	\$ 379,771
2017 general obligation refunding bonds, callable at par beginning June 1, 2027	2.14%	2028	<u>5,370,000</u>
			<u>\$ 5,749,771</u>

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

<u>Fiscal year ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2020	\$ 706,736	\$ 130,109	\$ 836,845
2021	673,035	111,512	784,547
2022	625,000	93,518	718,518
2023	620,000	80,143	700,143
2024	620,000	66,875	686,875
2025-2028	<u>2,505,000</u>	<u>133,857</u>	<u>2,638,857</u>
	<u>\$ 5,749,771</u>	<u>\$ 616,014</u>	<u>\$ 6,365,785</u>

Canadian River Municipal Water Authority Obligations:

Dam and Aqueduct System Obligation. The City entered into a contract with CRMWA to reimburse it for a portion of the cost of the Canadian River Dam and Aqueduct System, completed in 1968, in exchange for surface water rights. The City's allocation of the project cost was \$5,419,278 plus interest at 2.632% per annum, which was being paid over a period of 50 years that began in 1969. On October 29, 1999, CRMWA was allowed to prepay its debt to the United States Bureau of Reclamation at a reduced amount by an act of Congress. This resulted in a reduction of the City's debt to CRMWA of \$1,461,084 which was recorded as contributed capital in previous years in the water and sewer fund. The terms of the contract specify that these payments are to be made solely out of the water system revenues and are not a general obligation of the City. For further explanation of this relationship, see Note 12. During 2010, CRMWA issued Canadian River Municipal Water Authority Contract Revenue Refunding Bonds, Series 2010 (Bureau of Reclamation Prepayment Project) to refund the remaining balance of the 1999 issuance, as further discussed later in Note 8.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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

During the year ended September 30, 2010, CRMWA issued \$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. A portion of the 2009 Conjunctive Use Obligations were refunded by the issuance of the 2017 CRMWA Refunding Bonds. The 2009 Conjunctive Use Obligations were paid off during the year ended September 30, 2019.

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, 2019 was \$43,659.

During December 2011, CRMWA issued \$81,630,000 in Canadian River Municipal Water Authority Subordinate Line Contract Revenue Bonds, Series 2011, (the “2011 Conjunctive Use Ground Water Supply Project Bonds”). Proceeds from the sale of the 2011 Conjunctive Use Ground Water Supply Project Bonds will be used (1) to pay acquisition costs for a Project Expansion consisting of additional Water Rights for the Conjunctive Use Groundwater Supply Project, (2) to pay professional fees, and (3) to pay costs of issuance of the bonds. Interest on the 2011 Conjunctive Use Ground Water Supply Project Bonds will be from 3.0% to 5.0%, with maturities ranging from 2013 to 2031. CRMWA expects to finance the debt service requirements of the 2011 Conjunctive Use Ground Water Supply Project Bonds from each of the member cities of CRMWA, which includes the City of Pampa. The City’s share of the 2011 Conjunctive Use Ground Water Supply Project Bonds is 3.641%, or approximately \$2,972,148. The balance of the 2011 Conjunctive Use Ground Water Supply Project Bonds as of September 30, 2019 was \$2,167,851.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

In December 2012, CRMWA issued \$39,505,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2012, (the “2012 CRMWA Refunding Bonds”). Proceeds from the sale of the 2012 CRMWA Refunding Bonds were used to 1) advance refund \$41,575,000 of the CRMWA Series 2005 Revenue Bonds, and 2) pay costs of issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the CRMWA Series 2005 Revenue Bonds are considered defeased. Interest on the 2012 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2013 to 2025. The City’s share of the 2012 CRMWA Refunding Bonds is 5.72%, or approximately \$1,632,202, and the refunding will result in a reduction of the total debt service requirements of the City by approximately \$184,178. The reacquisition price of the City’s portion of the CRMWA Series 2005 Revenue Bonds was \$1,939,571, and the net carrying value was \$1,792,195, resulting in a deferred loss on refunding of \$147,376, which is being amortized by the City using the effective interest method. The balance of the 2012 CRMWA Refunding Bonds as of September 30, 2019 was \$1,415,875.

In December 2014, CRMWA issued \$42,165,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2014 (the “2014 CRMWA Refunding Bonds”). Proceeds from the sale of the 2014 CRMWA Refunding Bonds will be used to 1) advance refund \$32,670,000 of the CRMWA Series 2006 Bonds and current refund \$12,605,000 of the CRMWA Series 2005 Refunding Bonds, and 2) pay costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the CRMWA Series 2005 Revenue Bonds are considered defeased. Interest on the 2014 CRMWA Refunding Bonds will be from 2.0% to 5.0%, with maturities ranging from 2015 to 2027. The City’s share of the 2014 CRMWA Refunding Bonds of \$1,618,403 is approximately 3.838%, and will result in a reduction of the total debt service requirements of the City by approximately \$84,516. The reacquisition price on the City’s portion of the bonds refunded was \$1,836,988, and the net carrying value was \$1,782,347, resulting in a deferred charge on refunding of \$54,641. The balance of the 2014 CRMWA Refunding Bonds as of September 30, 2019 was \$949,129.

In November 2017, CRMWA issued \$11,465,000 in Canadian River Municipal Water Authority Subordinate Lien Contract Revenue Refunding Bonds, Series 2017 (the “2017 CRMWA Refunding Bonds”). Proceeds from the sale of the 2017 CRMWA Refunding Bonds were used to 1) advance refund a portion of the CRMWA Series 2009 Conjunctive Use Obligations and 2) pay the costs of the issuance of the bonds. The net proceeds of the bonds issued were deposited into an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the portion of the CRMWA Series 2009 Conjunctive Use Obligations are considered defeased. Interest on the 2017 CRMWA Refunding Bonds will be from 3.0% to 5.0%, with maturities ranging from 2018 to 2029. The City’s share of the 2017 CRMWA Refunding Bonds is 3.6% or approximately \$412,740. The balance on the 2017 CRMWA Refunding Bonds as of September 30, 2019 was \$406,800.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 8. LONG-TERM DEBT (continued):

Canadian River Municipal Water Authority Obligations (continued):

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

Fiscal year ending September 30,	Principal	Interest	Total
2020	\$ 465,020	\$ 227,982	\$ 693,002
2021	519,242	205,113	724,355
2022	545,045	179,174	724,219
2023	571,602	151,758	723,360
2024	600,279	122,658	722,937
2025-2029	1,832,462	270,735	2,103,197
2030-2031	449,664	20,577	470,241
	<u>\$ 4,983,314</u>	<u>\$ 1,177,997</u>	<u>\$ 6,161,311</u>

Long-term liability activity for the year ended September 30, 2019 was as follows:

Governmental activities:	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Bonds payable:					
General obligation bonds	\$ 6,742,800	\$ -	\$ 552,569	\$ 6,190,231	\$ 563,265
Add: Unamortized bond premiums	73,085	-	8,156	64,929	-
Notes payable:					
General obligation tax note from direct borrowing	-	2,185,000	-	2,185,000	305,000
Capital leases	461,472	-	110,965	350,507	113,850
Compensated absences	598,492	582,356	598,492	582,356	32,560
Total Governmental Activities long-term liabilities	<u>\$ 7,875,849</u>	<u>\$ 2,767,356</u>	<u>\$ 1,270,182</u>	<u>\$ 9,373,023</u>	<u>\$ 1,014,675</u>

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 8. LONG-TERM DEBT (continued):

Business-type activities:	Balance October 1, 2018	Additions	Reductions	Balance September 30, 2019	Due Within One Year
Bonds payable:					
Revenue bonds and Certificates of obligation	\$ 6,427,202	\$ -	\$ 677,431	\$ 5,749,771	\$ 706,736
CRMWA obligations	5,405,832	-	422,518	4,983,314	465,020
Add: Unamortized bond premiums	<u>418,552</u>	<u>-</u>	<u>82,208</u>	<u>336,344</u>	<u>-</u>
Total bonds payable	12,251,586	-	1,182,157	11,069,429	1,171,756
Landfill closure liability	1,782,354	105,742	-	1,888,096	-
Capital leases	202,694	268,269	97,926	373,037	91,059
Compensated absences	<u>89,064</u>	<u>88,454</u>	<u>89,064</u>	<u>88,454</u>	<u>66,340</u>
Total Business-type Activities long-term liabilities	<u>\$ 14,325,698</u>	<u>\$ 462,465</u>	<u>\$ 1,369,147</u>	<u>\$ 13,419,016</u>	<u>\$ 1,329,155</u>

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

Current year interest expense and was recorded as follows:

	Governmental Activities	Business-type Activities
Accrued interest payable at October 1, 2018	\$ (46,924)	(84,932)
Interest and fees paid during the year	192,664	457,796
Amortization of bond premium and deferred charge on refunding	37,436	(31,921)
Accrued interest payable at September 30, 2019	<u>46,104</u>	<u>77,351</u>
Interest expense	<u>\$ 229,280</u>	<u>\$ 418,294</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 9. NET INVESTMENT IN CAPITAL ASSETS:

In a previous year, the remaining unpaid balance of the Tax and Waterworks and Sewer System Surplus Certificates of Obligation, Series 2009 (the “2009 Obligations”) previously reported in the business-type activities and carried in the Aquatics Center Fund was transferred to the governmental activities of the City and is being repaid through debt service taxes. Subsequent to the transfer of the debt, the capital asset constructed using the debt proceeds is reported in the business-type activities column, while the borrowing is now reflected in the governmental activities column on the Statement of Net Position. Therefore, the remaining outstanding debt balance of the 2009 Obligations, and the 2009 Obligations refunded by the 2017 Refunding Bonds, as of September 30, 2019 of \$3,062,934 is excluded when calculating the net investment in capital assets for the governmental activities, but is included in this calculation for the total primary government. The effect of this reporting is that the net investment in capital assets and unrestricted net position (deficit) totals reported in the primary government do not agree to the sum of these categories reported in the governmental activities and business-type activities columns.

NOTE 10. INTER-FUND TRANSFERS:

The composition of interfund balances as of September 30, 2019, is as follows:

<u>Receivable Fund</u>	<u>Aquatics Center</u>	<u>Payable Fund Nonmajor Enterprise Funds</u>	<u>Total</u>
General Fund	\$ 33,832	\$ 152,807	\$ 186,639

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

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

<u>Transfers out</u>	<u>General</u>	<u>Nonmajor Governmental Funds</u>	<u>Transfers In Aquatics Center</u>	<u>Nonmajor Enterprise Funds</u>	<u>Total</u>
General fund	\$ -	\$ 186,000	\$ -	\$ 141,000	\$ 327,000
Nonmajor governmental funds	-	2,000	50,000	50,000	102,000
Water and sewer fund	52,710	-	-	12,800	65,510
Nonmajor enterprise funds	150,000	-	-	-	150,000
Total	\$ 202,710	\$ 188,000	\$ 50,000	\$ 203,800	\$ 644,510

Inter-fund transfers were done in order to supplement the operations of the General Fund, the M.K. Brown Auditorium, the Lovett Memorial Library, the Aquatics Center, and the Municipal Golf Course, and to transfer land from the Water and Sewer Fund to the Leased Properties Fund for land sold.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 11. COMMITMENTS:

In a previous year, the City entered into contracts for equipment use and engineering services related to improvements to the water treatment and wastewater treatment plant. The project began in July 2015 and has an estimated engineering cost of \$488,171, estimated equipment costs of \$1,068,419, and total estimated project costs of \$4,050,000. As of September 30, 2019, \$344,497 in engineering costs, \$1,068,419 in equipment costs, \$79,463 in electrical costs, \$212,916 in construction costs and \$59,554 in capitalized interest costs have been incurred. Of these amounts, \$155,305 were recorded as construction in progress related to the project and \$1,717,044 of the costs were capitalized and placed in service as of September 30, 2019. Subsequent to September 30, 2019, \$44,900 in project costs have been paid. The project is expected to be completed in December 2020.

During the current year, the City began incurring costs to install a payment kiosk for the utilities and municipal court departments for customers to make payments. The total project cost is unknown as of the date of this report. As of September 30, 2019, \$29,353 in costs have been incurred, and are recorded as construction in progress. Subsequent to September 30, 2019, no costs have been paid, as the City is still in the process of obtaining a contract to get the kiosk installed. The project is expected to be completed during fiscal year 2020.

NOTE 12. SURFACE WATER SUPPLY CONTRACT:

The City's water is supplied by a series of underground wells and surface water purchased from CRMWA. As discussed in Note 1, CRMWA is a water district created in 1953 by the State of Texas to construct and operate a dam, water reservoir, and aqueduct system to supply water to surrounding municipalities. Prior to construction, the municipalities contracted to purchase surface water and were allotted a portion of the water rights and construction costs. The debt related to these rights is owed to the U.S. Bureau of Reclamation and the City's share is reported as long-term debt within the Water and Sewer System enterprise fund. According to the terms of the contract, payments are to be made solely out of water system revenues and are not a general obligation of the City. The City's rights under this arrangement are recorded in the same fund as part of the utility plant and are being amortized over 85 years, which is the estimated useful life of the major facilities, including the water basin. The City 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 13. EMPLOYEE RETIREMENT SYSTEM:

Plan Description

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

**CITY OF PAMPA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

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

Benefits Provided

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

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

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

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

Employees covered by benefit terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	146
Inactive employees entitled to but not yet receiving benefits	94
Active employees	151
	391

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Contributions

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

Employees for the City were required to contribute 7.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 21.71% and 21.43% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended September 30, 2019, were \$1,614,962, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%.

The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2019 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
Total	<u>100.00%</u>	

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

Discount Rate

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

Allocations

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

Changes in the Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/17	\$ 45,342,082	\$ 33,899,502	\$ 11,442,580
Changes for the year:			
Service cost	1,171,864	-	1,171,864
Interest	3,016,652	-	3,016,652
Change in benefit terms	-	-	-
Diff between expected/actual experience	(552,033)	-	(552,033)
Changes of assumptions	-	-	-
Contributions - employer	-	1,584,130	(1,584,130)
Contributions - employee	-	510,775	(510,775)
Net investment income	-	(1,014,889)	1,014,889
Benefit payments, including refunds of employee contributions	(2,473,739)	(2,473,739)	-
Administrative expenses	-	(19,625)	19,625
Other charges	-	(1,025)	1,025
Net changes	<u>1,162,744</u>	<u>(1,414,373)</u>	<u>2,577,117</u>
Balance at 12/31/18	<u>\$ 46,504,826</u>	<u>\$ 32,485,129</u>	<u>\$ 14,019,697</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 20,179,799	\$ 14,019,697	\$ 8,953,929

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources Related to Pensions

For the year ended September 30, 2019, the City recognized pension expense of \$1,783,409. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 610,918
Changes in actuarial assumptions	-	-
Differences between projected and actual investment earnings (net of current year amortization)	1,753,469	-
Contributions subsequent to the measurement date	1,181,938	-
Total	\$ 2,935,407	\$ 610,918

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 13. EMPLOYEE RETIREMENT SYSTEM (continued):

\$1,181,938 is included in deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date and will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<u>Year Ending September 30,</u>		
2020	\$	309,255
2021		10,130
2022		162,545
2023		660,621
2024		-
Thereafter		-
	\$	<u><u>1,142,551</u></u>

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

Supplemental Death Benefits Plan

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

Plan Description

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

**CITY OF PAMPA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

Benefits Provided

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

Contributions

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

Employees of the City were required to contribute 0.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 0.25% and 0.25% in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the year ended September 30, 2019 were \$18,775, and were equal to the required contributions.

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	98
Inactive employees entitled to but not yet receiving benefits	12
Active employees	151
	261

Total OPEB Liability

The City’s total OPEB liability was measured as of December 31, 2018, and was determined by an actuarial valuation as of that date.

**CITY OF PAMPA, TEXAS
 NOTES TO THE FINANCIAL STATEMENTS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

Actuarial Assumptions

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5% per year
Overall payroll growth	3.5% to 10.5%, including inflation
Discount rate	3.71%
Retirees' share of benefit-related costs	\$ -
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018. The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

Changes in the Total OPEB Liability

	Increase (Decrease) Total OPEB Liability
Balance at 12/31/17	\$ 593,620
Changes for the year:	
Service cost	18,242
Interest	19,806
Change in benefit terms	-
Diff between expected/actual experience	(25,397)
Changes of assumptions	(35,144)
Contributions - employer	-
Contributions - employee	-
Net investment income	-
Benefit payments, including refunds of employee contributions	(8,756)
Administrative expenses	-
Other charges	-
Net changes	(31,249)
Balance at 12/31/18	\$ 562,371

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

The following shows the total OPEB liability calculated using the discount rate of 3.71%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (2.71%) or 1 percentage point higher (4.71%) than the current rate:

	1% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1% Increase in Discount Rate (4.71%)
City's total OPEB liability	\$ 656,794	\$ 562,371	\$ 487,498

OPEB Plan Total Liability

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$33,905.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ -	\$ 20,266
Changes in actuarial assumptions	23,859	28,044
Differences between projected and actual investment earnings (net of current year amortization)	-	-
Contributions subsequent to the measurement date	13,788	-
Total	\$ 37,647	\$ 48,310

\$13,788 is included in deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ended September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending September 30,		
2020	\$	(4,143)
2021		(4,143)
2022		(4,548)
2023		(11,617)
2024		-
Thereafter		-
	\$	(24,451)

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

Retiree Health Benefit Plan

In addition to the supplemental death benefit plan described above, prior to fiscal year 2000 the City offered post-employment health care benefits, in accordance with the City's Health Benefits Plan, to all employees who retired at age 55 or older with a minimum 15 years of service or to an employee who retired at any age and had a minimum of 25 years of service. The City discontinued the provision of this benefit in fiscal year 2000, and current employees of the City are not eligible to participate. As of September 30, 2019, the City had 8 retirees who previously met the eligibility requirements. The City is also required to provide health insurance coverage to employees who are separated from service (other than retirement) under the provisions of the Consolidated Omnibus Budget Reconciliation Act (COBRA). Under COBRA an employee has coverage on himself and dependents for up to eighteen months and dependents only that lose coverage due to separation of employee from service up to thirty-six months. Those employees who separate from the City while disabled, are covered for up to twenty-nine months under the COBRA provisions. As of September 30, 2019, no former employees were covered under the COBRA provisions.

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

	<u>Expenditures</u>	<u>Retiree Reimbursements</u>	<u>Net Cost to City</u>
Retirees	\$ 75,529	\$ 64,107	\$ 11,422

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

NOTE 15. RISK MANAGEMENT:

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 15. RISK MANAGEMENT (continued):

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

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

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

Unpaid claim liabilities are recorded in the dental benefit internal service fund for dental care claims. The following represents the changes in estimated aggregate liabilities for the City from October 1, 2017 to September 30, 2019:

	Dental Benefits
	\$
Liability balance, September 30, 2017	1,809
Claims and changes in estimates	83,410
Claims payments	(80,296)
Liability balance, September 30, 2018	4,923
Claims and changes in estimates	89,078
Claims payments	(91,743)
Liability balance, September 30, 2019	\$ 2,258

NOTE 16. DEFERRED COMPENSATION PLAN:

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

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

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 16. DEFERRED COMPENSATION PLAN (continued):

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

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

NOTE 17. LANDFILL PERMIT:

The City was approved for additional permitting for the City's landfill with the State of Texas on December 29, 1995. The additional permitting should increase capacity of the City's landfill to a level which will meet the needs of the City for at least 64 years. The City has incurred costs to date to obtain the permit of \$690,786. On October 8, 1998, the new landfill opened and the City began to amortize the costs as a charge to operations based on an estimate of capacity used to total capacity of the new landfill. The estimated usage to date is 20.3%, resulting in \$140,229 of permit costs being amortized through September 30, 2019.

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

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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

As of the September 30, 2019 the inflation adjusted estimated closure and post-closure costs for permit 589A were \$217,441 and \$461,444, 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, 2019, the capacity used to date for permit 589A was estimated to be 82.30%, resulting in estimated liabilities for closure and post-closure costs of \$178,954 and \$379,769, respectively.

Landfill permit 2238 has been estimated to have a total of sixteen cells, with an estimated life of approximately 64 years. Through September 30, 2019, the City had constructed and was using cells one through four of permit 2238. Consistent with Permit 589A, the City along with its landfill engineering consultant was able to determine closure and post-closure cost estimates for Permit 2238. Based upon these estimates the future closure and post-closure costs for permit 2238 were determined to be \$3,789,176 and \$2,612,221, respectively. These estimates are subject to annual inflation adjustments based on the inflation factor published by the Texas Commission on Environmental Quality.

As of September 30, 2019 the estimated closure and post-closure costs for permit 2238 were \$3,876,327 and \$2,672,302, respectively. The capacity used to date for permit 2238 was estimated to be 20.3%, resulting in estimated liabilities for closure and post-closure costs of \$786,895 and \$542,478, respectively.

The recording of change in estimated closure and post-closure liability based on the inflation adjustment and change in capacity filled for both of the City's landfill permits discussed above resulted in \$105,742 being recorded as landfill closure cost expense in the Solid Waste Management Fund on the City's financial statements.

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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

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

<u>Type of Expenditure</u>	<u>Cost Estimate</u>		
	<u>Old Landfill</u>	<u>New Landfill</u>	<u>Total</u>
Closure costs	\$ 217,441	\$ 3,876,327	\$ 4,093,768
Post-closure care costs	461,444	2,672,302	3,133,746
	\$ 678,885	\$ 6,548,629	\$ 7,227,514

The City's financial ratio is as follows:

Total closure and post-closure costs	7,227,514	= 28.06%
Total City revenue	25,754,859	

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

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

NOTE 19. COMPONENT UNIT TRANSACTIONS:

The following were significant transactions between the City and the PEDC for the year ended September 30, 2019:

In November 2015, the PEDC board of directors approved a grant to the City in the amount of \$100,000 for street repairs in downtown Pampa. As of September 30, 2019, the City had expended \$78,049 of the grant funds, with the remaining \$21,951 recorded as unearned revenue.

In March 2019, the PEDC board of directors approved a grant to the City in the amount of \$40,000 for improvement to the City's golf course. As of September 30, 2019, the City had expended \$10,681 of the grant funds, with the remaining \$29,319 recorded as unearned revenue.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS:

In November 2016, the GASB issued Statement 83, *Certain Asset Retirement Obligations* (GASB 83). This Statement will enhance comparability of financial statements among governments by establishing uniform criteria for governments to recognize and measure certain Asset Retirement Obligations (AROs), including obligations that may not have been previously reported. This Statement also will enhance the decision-usefulness of the information provided to financial statement users by requiring disclosures related to those AROs. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. The adoption of this Statement did not have any significant impact on the City's financial statements.

In March 2018, the GASB issued statement 88, *Certain Disclosures Related to Debt, Including Direct Borrowings and Direct Placements*. The primary objective of this Statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This Statement defines debt for purposes of disclosure in notes to financial statements as a liability that arises from a contractual obligation to pay cash (or other assets that may be used in lieu of cash) in one or more payments to settle an amount that is fixed at the date the contractual obligation is established.

This Statement requires that additional essential information related to debt be disclosed in notes to financial statements, including unused lines of credit; assets pledged as collateral for the debt; and terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant subjective acceleration clauses. This Statement also requires that debt related footnotes include existing and additional information for direct borrowings and direct placements of debt separately from other debt. The requirements of this Statement are effective for reporting periods beginning after June 15, 2018. Earlier application is encouraged. The adoption of this Statement resulted in the City reporting additional disclosure information in Note 8 pertaining to the City's debt considered to be direct borrowing/direct placement debt.

In June 2018, the GASB issued statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This Statement establishes accounting requirements for interest cost incurred before the end of a construction period. Such interest cost includes all interest that previously was accounted for in accordance with the requirements of paragraphs 5–22 of Statement No. 62, Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements, which are superseded by this Statement. This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This Statement also reiterates that in financial statements prepared using the current financial resources measurement focus, interest cost incurred before the end of a construction period should be recognized as an expenditure on a basis consistent with governmental fund accounting principles.

CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

NOTE 20. RECENTLY ISSUED AND ADOPTED ACCOUNTING PRONOUNCEMENTS

(continued):

The requirements of this Statement are effective for reporting periods beginning after December 15, 2019. Earlier application is encouraged. The requirements of this Statement should be applied prospectively. The Statement was applied by the City during the current year, and for the year ended September 30, 2019, interest costs on outstanding debt was expensed as incurred rather than being capitalized on the ongoing construction projects discussed in Note 11. Capitalized interest from previous years will remain in construction costs, and any future interest will be expensed as incurred.

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS:

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

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

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

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

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 21. RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS (continued):

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

This Statement also requires that a component unit in which a government has a 100 percent equity interest account for its assets, deferred outflows of resources, liabilities, and deferred inflows of resources at acquisition value at the date the government acquired a 100 percent equity interest in the component unit. Transactions presented in flows statements of the component unit in that circumstance should include only transactions that occurred subsequent to the acquisition.

The requirements of this Statement are effective for reporting periods beginning after December 15, 2018. Earlier application is encouraged. The requirements should be applied retroactively, except for the provisions related to (1) reporting a majority equity interest in a component unit and (2) reporting a component unit if the government acquires a 100 percent equity interest. Those provisions should be applied on a prospective basis. Management is currently evaluating the impact of the adoption of this Statement on the City's financial statements.

NOTE 22. NOTES RECEIVABLE:

In October 2018, the City entered into an installment lease contract with a local cotton gin on the sale of land in the leased properties fund. As part of the agreement the gin will make five installment payments of \$200,000 annually and includes a purchase option of \$1,000,000 that is forgivable. The purchase option at the conclusion of the agreement is forgivable if the gin constructs \$10 million in improvements to the land and maintains an average of 10 full time equivalents employed throughout the agreement. As of September 30, 2019, the gin had exceeded the requirements of the \$10 million in improvements, and employees more than 10 employees. As a result, the City's management expects the gin to meet the stated requirements and does not expect to receive any proceeds on the final purchase option on the agreement. As a result, the purchase option has not been recorded on the City's books as receivable. The present value of the future lease payments at the beginning of the lease was \$945,617, and the discount on the lease of \$54,383 will be amortized and recorded as interest income over the term of the agreement at the imputed interest rate of 2.649%, which is based on the average borrowing rate on the other City's outstanding debt. The outstanding note receivable balance at September 30, 2019 was \$746,715. The future note payments to be received are as follows:

Fiscal year ending September 30,	Principal	Interest	Total
2020	\$ 177,157	\$ 22,843	\$ 200,000
2021	184,911	15,089	200,000
2022	189,809	10,191	200,000
2023	194,838	5,162	200,000
	<u>\$ 746,715</u>	<u>\$ 53,285</u>	<u>\$ 800,000</u>

**CITY OF PAMPA, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

NOTE 23. SUBSEQUENT EVENTS:

The City's management has evaluated subsequent events through March 9, 2020, which is the date the financial statements were available to be issued. The following were noted by the City's management:

In November 2019, the City approved a bid to a contractor on a project to replace the roof at the M.K. Brown Auditorium. The total expected cost of the project is \$165,000 and is expected to be completed in fiscal year 2020.

In January 2020, CRMWA approved the issuance of refunding bonds to refund the CRMWA Subordinate Lien Contract Revenue Bonds, Series 2011. As of the date of the report, the refunding bonds have not been funded, and as a result the City's portion of the debt and the debt service requirements of the refunding bonds are unknown.

In February 2020, the City approved the issuance of \$4,600,000 in certificates of obligation. Proceeds from the issuance will be used for the purchase of a fire truck, water meter replacements, street repairs, and golf course improvements. As of the date of the report, the certificates have not been funded, and as a result the debt service requirements of the certificates have not yet been determined.

**REQUIRED
SUPPLEMENTARY
INFORMATION**

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>
Total Pension Liability			
Service cost	\$ 1,171,864	\$ 1,144,994	\$ 1,134,951
Interest (on the total pension liability)	3,016,652	2,942,062	2,840,837
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(552,033)	(523,997)	(49,169)
Change of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	<u>(2,473,739)</u>	<u>(2,469,175)</u>	<u>(2,394,841)</u>
Net Change in Total Pension Liability	1,162,744	1,093,884	1,531,778
Total Pension Liability - Beginning	45,342,082	44,248,198	42,716,420
Total Pension Liability - Ending (a)	<u>\$ 46,504,826</u>	<u>\$ 45,342,082</u>	<u>\$ 44,248,198</u>
Plan Fiduciary Net Position			
Contributions - employer	\$ 1,584,130	\$ 1,537,357	\$ 1,508,773
Contributions - employee	510,775	499,374	496,541
Net investment income	(1,014,889)	4,181,085	1,935,870
Benefit payments, including refunds of employee contributions	(2,473,739)	(2,469,175)	(2,394,841)
Administrative expense	(19,625)	(21,673)	(21,867)
Other	<u>(1,025)</u>	<u>(1,155)</u>	<u>(1,178)</u>
Net Change in Plan Fiduciary Net Position	(1,414,373)	3,725,813	1,523,298
Plan Fiduciary Net Position - Beginning	33,899,502	30,173,689	28,650,391
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,485,129</u>	<u>\$ 33,899,502</u>	<u>\$ 30,173,689</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 14,019,697</u>	<u>\$ 11,442,580</u>	<u>\$ 14,074,509</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	69.85%	74.76%	68.19%
Covered Payroll	\$ 7,296,784	\$ 7,133,921	\$ 7,093,443
Net Pension Liability as a Percentage of Covered Payroll	192.14%	160.40%	198.42%

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

The information above corresponds to the Plan measurement date of December 31, 2018 as opposed to the City's fiscal year end of September 30, 2019.

<u>12/31/2015</u>	<u>12/31/2014</u>
\$ 1,097,354	\$ 916,826
2,828,538	2,714,438
-	-
(91,604)	2,040
194,442	-
<u>(2,342,645)</u>	<u>(1,844,472)</u>
1,686,085	1,788,832
41,030,335	39,241,503
<u>\$ 42,716,420</u>	<u>\$ 41,030,335</u>
\$ 1,557,370	\$ 1,457,928
506,360	468,146
42,664	1,561,122
(2,342,645)	(1,844,472)
(25,987)	(16,298)
<u>(1,284)</u>	<u>(1,340)</u>
(263,522)	1,625,086
28,913,913	27,288,827
<u>\$ 28,650,391</u>	<u>\$ 28,913,913</u>
<u>\$ 14,066,029</u>	<u>\$ 12,116,422</u>
67.07%	70.47%
\$ 7,233,711	\$ 6,687,798
194.45%	181.17%

**CITY OF PAMPA, TEXAS
SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,614,962	\$ 1,567,463	\$ 1,555,313
Contributions in relation to actuarially determined contribution	<u>(1,614,962)</u>	<u>(1,567,463)</u>	<u>(1,555,313)</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 7,509,928	\$ 7,234,240	\$ 7,165,948
Contributions as a percentage of covered payroll	21.50%	21.91%	21.70%

Note: This Schedule of Employer Contributions shows the City's required annual contributions from the actuarial valuation, compared with the actual contributions remitted. The data in the schedule above corresponds to the City's fiscal year as opposed to the time period covered by the plan measurement date of December 31, 2018.

See the accompanying independent auditor's report

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

CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF PENSION CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	25 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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

CITY OF PAMPA, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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

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

The information above corresponds to the Plan measurement date of December 31, 2018 as opposed to the City's fiscal year end of September 30, 2019.

See the accompanying independent auditor's report

**CITY OF PAMPA, TEXAS
NOTES TO SCHEDULE OF OPEB CONTRIBUTIONS
FOR THE YEAR ENDED SEPTEMBER 30, 2019**

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	17 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

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

**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND
SCHEDULE**

**CITY OF PAMPA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2019**

	Special Revenue Funds			
	Debt Service	Controlled Substances	M.K. Brown Auditorium	Lovett Memorial Library
Assets:				
Cash and cash equivalents	\$ 89,849	\$ 9,257	\$ 181,819	\$ 284,783
Investments	108,000	-	-	-
Accrued interest receivable	1,073	-	-	-
Receivables, net of allowance for uncollectibles	23,682	-	23,282	6,826
Prepaid items	-	-	5,393	585
Restricted accrued interest	-	-	-	-
Restricted investments	-	-	-	-
	<u>222,604</u>	<u>9,257</u>	<u>210,494</u>	<u>292,194</u>
Total assets	\$ 222,604	\$ 9,257	\$ 210,494	\$ 292,194
 Liabilities, Deferred Inflows and Fund balances:				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 19,125	\$ 4,253
Accrued expenditures	-	-	2,237	8,360
	<u>-</u>	<u>-</u>	<u>21,362</u>	<u>12,613</u>
Total liabilities	-	-	21,362	12,613
 Deferred inflows of resources:				
Unavailable revenue - property taxes	23,682	-	-	6,752
Total deferred inflows of resources	23,682	-	-	6,752
 Fund balances:				
Nonspendable:				
Prepaid items	-	-	5,393	585
Permanent fund principal	-	-	-	-
Restricted fund balance:				
Debt service	198,922	-	-	-
MK Brown Auditorium	-	-	183,739	-
Lovett Library	-	-	-	272,244
Law enforcement	-	9,257	-	-
	<u>198,922</u>	<u>9,257</u>	<u>189,132</u>	<u>272,829</u>
Total fund balances	198,922	9,257	189,132	272,829
 Total liabilities, deferred inflows, and fund balances	 \$ 222,604	 \$ 9,257	 \$ 210,494	 \$ 292,194

Total Nonmajor Special Revenue Funds	M.K. Brown Permanent Fund	Total Nonmajor Governmental Funds
\$ 475,859	\$ 12,834	\$ 578,542
-	-	108,000
-	-	1,073
30,108	-	53,790
5,978	-	5,978
-	971	971
-	350,000	350,000
<u>511,945</u>	<u>363,805</u>	<u>1,098,354</u>
\$ 23,378	\$ -	\$ 23,378
10,597	-	10,597
<u>33,975</u>	<u>-</u>	<u>33,975</u>
6,752	-	30,434
<u>6,752</u>	<u>-</u>	<u>30,434</u>
5,978	-	5,978
-	350,000	350,000
-	-	198,922
183,739	13,805	197,544
272,244	-	272,244
9,257	-	9,257
<u>471,218</u>	<u>363,805</u>	<u>1,033,945</u>
\$ <u>511,945</u>	\$ <u>363,805</u>	\$ <u>1,098,354</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, 2019

	<u>Special Revenue Funds</u>			
	<u>Debt Service</u>	<u>Controlled Substances</u>	<u>M.K. Brown Auditorium</u>	<u>Lovett Memorial Library</u>
Revenues:				
Taxes:				
Property taxes	\$ 712,525	\$ -	\$ -	\$ 184,853
Other taxes	-	-	248,164	-
Penalties and interest on taxes	6,804	-	-	1,823
Intergovernmental	-	-	-	3,000
Charges for services	-	-	24,477	6,598
Fines	-	-	-	5,325
Investment earnings	7,125	22	2,534	1,265
Contributions and donations	-	-	50,000	4,884
Other revenue	-	-	275	170
Total revenues	<u>726,454</u>	<u>22</u>	<u>325,450</u>	<u>207,918</u>
Expenditures:				
Current:				
Public safety	-	500	-	-
Culture and recreation	-	-	287,351	380,746
Capital outlay	-	-	60,748	-
Debt service:				
Principal retirement	552,569	-	-	-
Interest and fiscal charges	168,845	-	478	-
Total expenditures	<u>721,414</u>	<u>500</u>	<u>348,577</u>	<u>380,746</u>
Excess (deficiency) of revenues over (under) expenditures	<u>5,040</u>	<u>(478)</u>	<u>(23,127)</u>	<u>(172,828)</u>
Other financing sources (uses):				
Transfers in	-	-	2,000	186,000
Transfers out	-	-	(100,000)	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(98,000)</u>	<u>186,000</u>
Net change in fund balances	5,040	(478)	(121,127)	13,172
Fund balances at beginning of year	<u>193,882</u>	<u>9,735</u>	<u>310,259</u>	<u>259,657</u>
Fund balances at end of year	<u>\$ 198,922</u>	<u>\$ 9,257</u>	<u>\$ 189,132</u>	<u>\$ 272,829</u>

Total Nonmajor Special Revenue Funds	M.K. Brown Permanent Fund	Total Nonmajor Governmental Funds
\$ 184,853	\$ -	\$ 897,378
248,164	-	248,164
1,823	-	8,627
3,000	-	3,000
31,075	-	31,075
5,325	-	5,325
3,821	7,240	18,186
54,884	-	54,884
445	-	445
533,390	7,240	1,267,084
500	-	500
668,097	-	668,097
60,748	-	60,748
-	-	552,569
478	-	169,323
729,823	-	1,451,237
(196,433)	7,240	(184,153)
188,000	-	188,000
(100,000)	(2,000)	(102,000)
88,000	(2,000)	86,000
(108,433)	5,240	(98,153)
579,651	358,565	1,132,098
\$ 471,218	\$ 363,805	\$ 1,033,945

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF NET POSITION
NONMAJOR PROPRIETARY FUNDS
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Assets:			
Current assets:			
Cash and cash equivalents	\$ 300	\$ 213,690	\$ 213,990
Restricted assets - current:			
Cash and cash equivalents	14,023	-	14,023
Investments	9,700	-	9,700
Accrued interest receivable	191	-	191
Receivables - net of uncollectible allowance	409	896	1,305
Note receivable - installment sale		177,157	177,157
Prepaid expense	510	-	510
Total current assets	25,133	391,743	416,876
Non-current assets:			
Note receivable - installment sale	-	569,558	569,558
Capital assets:			
Land	545,514	-	545,514
Buildings and improvements	1,522,108	738,592	2,260,700
Vehicles and equipment	828,687	-	828,687
Less: accumulated depreciation and amortization	(1,478,356)	(482,324)	(1,960,680)
Total non-current assets	1,417,953	825,826	2,243,779
Total assets	1,443,086	1,217,569	2,660,655
Deferred outflows:			
Deferred charge on refunding	369	-	369
Total deferred outflows of resources	369	-	369
Liabilities:			
Current liabilities:			
Accounts payable	8,953	-	8,953
Due to other funds	152,807	-	152,807
Accrued interest payable	7,638	-	7,638
Unearned revenue	12,204	23,441	35,645
Bonds payable - current:			
Revenue bonds and certificates of obligation	10,000	-	10,000
Capital leases payable - current	91,059	-	91,059
Total current liabilities	282,661	23,441	306,102
Non-current liabilities:			
Revenue bonds and certificates of obligation (net)	20,000	-	20,000
Capital leases payable	281,978	-	281,978
Total non-current liabilities	301,978	-	301,978
Total liabilities	584,639	23,441	608,080
Net position:			
Net investment in capital assets	1,015,285	256,268	1,271,553
Restricted for debt service	6,385	-	6,385
Unrestricted	(162,854)	937,860	775,006
Total net position	\$ 858,816	\$ 1,194,128	\$ 2,052,944

CITY OF PAMPA, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN NET POSITION
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2019

	Business-type Activities - Enterprise Funds		Total Nonmajor Enterprise Funds
	Municipal Golf Course	Leased Properties	
Operating revenues:			
Charges for services	\$ 261,344	\$ -	\$ 261,344
Rent	-	33,739	33,739
Other revenues	30,641	-	30,641
Total operating revenues	291,985	33,739	325,724
Operating expenses:			
Contractual services	278,551	-	278,551
Supplies and materials	83,452	-	83,452
Depreciation and amortization	150,562	14,237	164,799
Intercity administrative charges	35,361	1,929	37,290
Insurance and claims	51,891	6,632	58,523
Total operating expenses	599,817	22,798	622,615
Operating income (loss)	(307,832)	10,941	(296,891)
Non-operating revenues (expenses):			
Investment earnings	358	3,947	4,305
Gain on sale of materials and equipment	51,068	932,817	983,885
Interest and fiscal charges	(20,407)	-	(20,407)
Total non-operating revenues (expenses)	31,019	936,764	967,783
Income (loss) before transfers	(276,813)	947,705	670,892
Transfers in	191,000	12,800	203,800
Transfers out	-	(150,000)	(150,000)
Change in net position	(85,813)	810,505	724,692
Total net position - beginning of year	944,629	383,623	1,328,252
Total net position - end of year	\$ 858,816	\$ 1,194,128	\$ 2,052,944

CITY OF PAMPA
COMBINING STATEMENT OF CASH FLOWS
NONMAJOR PROPRIETARY FUNDS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019

	Business-type Activities		
	Enterprise Funds		
	Municipal	Leased	Total
	Golf Course	Properties	Nonmajor
	Funds	Funds	Enterprise
	Funds	Funds	Funds
Cash flows from operating activities:			
Receipts from customers and users	\$ 307,732	\$ (3,811)	\$ 303,921
Payments to suppliers	(419,839)	(6,632)	(426,471)
Payments for inter-fund services used	80,283	(1,929)	78,354
Net cash flows from operating activities	<u>(31,824)</u>	<u>(12,372)</u>	<u>(44,196)</u>
Cash flows from non-capital financing activities:			
Transfers from other funds	191,000	12,800	203,800
Transfers to other funds	-	(150,000)	(150,000)
Net cash flows from non-capital financing activities	<u>191,000</u>	<u>(137,200)</u>	<u>53,800</u>
Cash flows from capital and related financing activities:			
Acquisition of capital assets	(376,188)	(12,800)	(388,988)
Proceeds from sale of capital assets	78,600	-	78,600
Proceeds from capital lease	268,269	-	268,269
Principal received on note receivable	-	198,902	198,902
Principal paid on capital debt	(105,648)	-	(105,648)
Interest paid on capital debt	(15,005)	-	(15,005)
Net cash flows from capital and related financing activities	<u>(149,972)</u>	<u>186,102</u>	<u>36,130</u>
Cash flows from investing activities:			
Interest and dividends received	191	4,174	4,365
Purchases of investments	(9,700)	-	(9,700)
Redemption of investments	-	100,000	100,000
Net cash flows from investing activities	<u>(9,509)</u>	<u>104,174</u>	<u>94,665</u>
Net increase (decrease) in cash and cash equivalents	(305)	140,704	140,399
Cash and cash equivalents at beginning of year	14,628	72,986	87,614
Cash and cash equivalents at end of year	<u>\$ 14,323</u>	<u>\$ 213,690</u>	<u>\$ 228,013</u>
Reconciliation of operating income (loss) to net cash flows from operating activities:			
Operating income (loss)	\$ (307,832)	\$ 10,941	\$ (296,891)
Adjustments to reconcile operating income (loss) to net cash provided by (used for) operating activities:			
Depreciation and amortization	150,562	14,237	164,799
Changes in assets & liabilities:			
(Increase) decrease in:			
Receivables	5,066	602	5,668
Prepaid expenses	(270)	-	(270)
Increase (decrease) in:			
Accounts payable	(5,675)	-	(5,675)
Due to other funds	115,644	-	115,644
Unearned revenue	10,681	(38,152)	(27,471)
Total adjustments	<u>276,008</u>	<u>(23,313)</u>	<u>252,695</u>
Net cash provided (used) by operating activities	<u>\$ (31,824)</u>	<u>\$ (12,372)</u>	<u>\$ (44,196)</u>
Reconciliation of total cash and cash equivalents:			
Cash and cash equivalents on balance sheet	\$ 300	\$ 213,690	\$ 213,990
Restricted cash and cash equivalents on balance sheet	14,023	-	14,023
Total cash and cash equivalents	<u>\$ 14,323</u>	<u>\$ 213,690</u>	<u>\$ 228,013</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, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance</u>
	<u>Original</u>	<u>Final</u>		<u>Final Budget</u>
Revenues:				
Property taxes	\$ 731,414	\$ 731,414	\$ 712,525	\$ (18,889)
Penalties and interest on taxes	3,500	3,500	6,804	3,304
Interest	3,200	3,200	7,125	3,925
	<u>738,114</u>	<u>738,114</u>	<u>726,454</u>	<u>(11,660)</u>
Total revenues				
Expenditures:				
Debt service:				
Principal retirement	552,569	552,569	552,569	-
Interest and fiscal charges	168,845	168,845	168,845	-
	<u>721,414</u>	<u>721,414</u>	<u>721,414</u>	<u>-</u>
Total expenditures				
Excess (deficiency) of revenues over (under) expenditures	<u>16,700</u>	<u>16,700</u>	<u>5,040</u>	<u>(11,660)</u>
Net change in fund balances	16,700	16,700	5,040	(11,660)
Fund balance at beginning of year	<u>193,882</u>	<u>193,882</u>	<u>193,882</u>	<u>-</u>
Fund balance at end of year	<u>\$ 210,582</u>	<u>\$ 210,582</u>	<u>\$ 198,922</u>	<u>\$ (11,660)</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, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ -	\$ -	\$ 22	\$ 22
Total revenues	<u>-</u>	<u>-</u>	<u>22</u>	<u>22</u>
Expenditures:				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>500</u>	<u>(500)</u>
Excess (deficiency) of revenues over (under) expenditures	<u>-</u>	<u>-</u>	<u>(478)</u>	<u>(478)</u>
Net change in fund balances	-	-	(478)	(478)
Fund balances at beginning of year	<u>9,735</u>	<u>9,735</u>	<u>9,735</u>	<u>-</u>
Fund balances at end of year	<u><u>9,735</u></u>	<u><u>9,735</u></u>	<u><u>9,257</u></u>	<u><u>(478)</u></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, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Other taxes	\$ 300,000	\$ 300,000	\$ 248,164	\$ (51,836)
Charges for services	31,400	31,400	24,477	(6,923)
Investment earnings	2,200	2,200	2,534	334
Contributions and donations	-	50,000	50,000	-
Other revenue	1,200	1,200	275	(925)
Total revenues	<u>334,800</u>	<u>384,800</u>	<u>325,450</u>	<u>(59,350)</u>
Expenditures:				
Current:				
Culture and recreation	323,181	322,691	287,351	35,340
Capital outlay	15,000	65,490	60,748	4,742
Interest and fiscal charges	500	500	478	22
Total expenditures	<u>338,681</u>	<u>388,681</u>	<u>348,577</u>	<u>40,104</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,881)</u>	<u>(3,881)</u>	<u>(23,127)</u>	<u>(19,246)</u>
Other financing sources (uses):				
Transfers in	2,000	2,000	2,000	-
Transfers out	(100,000)	(100,000)	(100,000)	-
Total other financing sources (uses)	<u>(98,000)</u>	<u>(98,000)</u>	<u>(98,000)</u>	<u>-</u>
Net change in fund balances	<u>(101,881)</u>	<u>(101,881)</u>	<u>(121,127)</u>	<u>(19,246)</u>
Fund balances at beginning of year	<u>310,259</u>	<u>310,259</u>	<u>310,259</u>	<u>-</u>
Fund balances at end of year	<u>\$ 208,378</u>	<u>\$ 208,378</u>	<u>\$ 189,132</u>	<u>\$ (19,246)</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, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Taxes:				
Property taxes	\$ 190,913	\$ 190,913	\$ 184,853	\$ (6,060)
Penalties and interest on taxes	1,500	1,500	1,823	323
Intergovernmental	3,000	3,000	3,000	-
Charges for services	7,300	7,300	6,598	(702)
Fines	6,800	6,800	5,325	(1,475)
Investment earnings	200	200	1,265	1,065
Contributions and donations	-	4,884	4,884	-
Other revenue	100	100	170	70
	<u>209,813</u>	<u>214,697</u>	<u>207,918</u>	<u>(6,779)</u>
Total revenues				
Expenditures:				
Current:				
Culture and recreation	396,691	401,575	380,746	20,829
Total expenditures	<u>396,691</u>	<u>401,575</u>	<u>380,746</u>	<u>20,829</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(186,878)</u>	<u>(186,878)</u>	<u>(172,828)</u>	<u>14,050</u>
Other financing sources (uses):				
Transfers in	186,000	186,000	186,000	-
Total other financing sources (uses)	<u>186,000</u>	<u>186,000</u>	<u>186,000</u>	<u>-</u>
Net change in fund balances	(878)	(878)	13,172	14,050
Fund balances at beginning of year	<u>259,657</u>	<u>259,657</u>	<u>259,657</u>	<u>-</u>
Fund balances at end of year	<u>\$ 258,779</u>	<u>\$ 258,779</u>	<u>\$ 272,829</u>	<u>\$ 14,050</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, 2019

	<u>Budget Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>		
Revenues:				
Investment earnings	\$ 2,000	\$ 2,000	\$ 7,240	\$ 5,240
Total revenues	<u>2,000</u>	<u>2,000</u>	<u>7,240</u>	<u>5,240</u>
Excess (deficiency) of revenues over (under) expenditures	<u>2,000</u>	<u>2,000</u>	<u>7,240</u>	<u>5,240</u>
Other financing sources (uses):				
Transfers out	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Total other financing sources (uses)	<u>(2,000)</u>	<u>(2,000)</u>	<u>(2,000)</u>	<u>-</u>
Net change in fund balances	-	-	5,240	5,240
Fund balances at beginning of year	<u>358,565</u>	<u>358,565</u>	<u>358,565</u>	<u>-</u>
Fund balances at end of year	<u>\$ 358,565</u>	<u>\$ 358,565</u>	<u>\$ 363,805</u>	<u>\$ 5,240</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, 2019

	<u>Balance October 1, 2018</u>	<u>Additions</u>	<u>Deletions</u>	<u>Balance September 30, 2019</u>
Municipal Court Bail Bond Fund:				
Assets:				
Cash and cash equivalents	\$ 1,820	\$ 775	\$ 1,415	\$ 1,180
Total assets	<u>\$ 1,820</u>	<u>\$ 775</u>	<u>\$ 1,415</u>	<u>\$ 1,180</u>
Liabilities:				
Deposits	\$ 1,820	\$ 1,253	\$ 1,893	\$ 1,180
Total liabilities	<u>\$ 1,820</u>	<u>\$ 1,253</u>	<u>\$ 1,893</u>	<u>\$ 1,180</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY SOURCE
SEPTEMBER 30, 2019

Governmental funds capital assets (net of accumulated depreciation):	
Land	\$ 48,829
Collection	203,500
Buildings & improvements	4,941,260
Equipment	<u>2,845,015</u>
Total governmental activities capital assets, net	<u>\$ 8,038,604</u>
Investment in governmental activities capital assets by source (net of accumulated depreciation):	
General fund	\$ 6,989,039
M.K. Brown Auditorium special revenue fund	583,512
Lovett Memorial Library special revenue fund	<u>466,053</u>
Total investment in governmental activities capital assets by source (net of accumulated depreciation)	<u>\$ 8,038,604</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE BY FUNCTION AND ACTIVITY
SEPTEMBER 30, 2019

	<u>Land</u>	<u>Collection</u>	<u>Roads</u>	<u>Buildings & Improvements</u>	<u>Vehicles & Equipment</u>	<u>Total</u>
General government:						
Mayor and commission	\$ 3,306	\$ -	\$ -	\$ -	\$ 14,790	\$ 18,096
Administrative services	-	-	-	-	21,850	21,850
Building & grounds	2,163	-	-	3,037,319	415,076	3,454,558
Data processing	-	-	-	11,045	327,859	338,904
Purchasing & central stores	-	-	-	4,632	19,047	23,679
Central garage	-	-	-	150,198	967,192	1,117,390
Subtotal	<u>5,469</u>	<u>-</u>	<u>-</u>	<u>3,203,194</u>	<u>1,765,814</u>	<u>4,974,477</u>
Culture and recreation:						
Parks	43,360	95,000	-	379,716	1,046,659	1,564,735
Recreation	-	-	151,789	1,689,141	421,340	2,262,270
M.K. Brown Auditorium	-	108,500	-	3,150,982	279,377	3,538,859
Lovett Memorial Library	-	-	-	1,003,259	89,995	1,093,254
Subtotal	<u>43,360</u>	<u>203,500</u>	<u>151,789</u>	<u>6,223,098</u>	<u>1,837,371</u>	<u>8,459,118</u>
Solid waste collection	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,457,962</u>	<u>1,457,962</u>
Streets and traffic:						
Planning and engineering	-	-	-	-	332,743	332,743
Streets & traffic control	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>186,991</u>	<u>3,403,448</u>	<u>22,248,514</u>
Subtotal	<u>-</u>	<u>-</u>	<u>18,658,075</u>	<u>186,991</u>	<u>3,736,191</u>	<u>22,581,257</u>
Public safety:						
Animal control	-	-	-	3,027,017	154,370	3,181,387
Police	-	-	-	35,767	1,581,358	1,617,125
Fire suppression	-	-	-	175,119	3,341,020	3,516,139
Fire prevention	-	-	-	-	6,690	6,690
Dispatch	-	-	-	-	74,418	74,418
Emergency management & civil defense	-	-	-	-	341,799	341,799
Code enforcement	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>75,773</u>	<u>75,773</u>
Subtotal	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,237,903</u>	<u>5,575,428</u>	<u>8,813,331</u>
Total governmental activities capital assets	48,829	203,500	18,809,864	12,851,186	14,372,766	46,286,145
Less: accumulated depreciation	<u>-</u>	<u>-</u>	<u>18,809,864</u>	<u>7,909,926</u>	<u>11,527,751</u>	<u>38,247,541</u>
Total governmental activities capital assets net of accumulated depreciation	<u>\$ 48,829</u>	<u>\$ 203,500</u>	<u>\$ -</u>	<u>\$ 4,941,260</u>	<u>\$ 2,845,015</u>	<u>\$ 8,038,604</u>

CITY OF PAMPA, TEXAS
CAPITAL ASSETS USED IN THE OPERATION OF GOVERNMENTAL ACTIVITIES
SCHEDULE OF CHANGES BY FUNCTION AND ACTIVITY
FOR THE YEAR ENDED SEPTEMBER 30, 2019

	Governmental Fund Capital Assets Oct. 1, 2018	Additions and Transfers In	Deletions and Transfers Out	Governmental Fund Capital Assets Sept. 30, 2019
General government:				
Mayor and commission	\$ 18,096	\$ -	\$ -	\$ 18,096
Administrative services	21,850	-	-	21,850
Building & grounds	3,454,558	-	-	3,454,558
Data processing	335,484	3,420	-	338,904
Purchasing & central stores	23,679	-	-	23,679
Central garage	2,220,794	10,689	(1,114,093)	1,117,390
Subtotal	<u>6,074,461</u>	<u>14,109</u>	<u>(1,114,093)</u>	<u>4,974,477</u>
Culture and recreation:				
Parks	1,612,998	111,334	(159,597)	1,564,735
Recreation	2,252,738	27,960	(18,428)	2,262,270
M.K. Brown Auditorium	3,478,111	60,748	-	3,538,859
Lovett Memorial Library	1,093,254	-	-	1,093,254
Subtotal	<u>8,437,101</u>	<u>200,042</u>	<u>(178,025)</u>	<u>8,459,118</u>
Solid waste collection	<u>1,391,362</u>	<u>66,600</u>	<u>-</u>	<u>1,457,962</u>
Streets and traffic:				
Planning and engineering	332,743	-	-	332,743
Streets & traffic control	21,477,032	789,813	(18,331)	22,248,514
Subtotal	<u>21,809,775</u>	<u>789,813</u>	<u>(18,331)</u>	<u>22,581,257</u>
Public safety:				
Animal control	3,113,791	111,446	(43,850)	3,181,387
Police	1,330,071	308,517	(21,463)	1,617,125
Fire suppression	3,242,592	273,547	-	3,516,139
Fire prevention	6,690	-	-	6,690
Dispatch	74,070	21,483	(21,135)	74,418
Emergency management & civil defense	312,649	29,150	-	341,799
Code enforcement	54,198	21,575	-	75,773
Subtotal	<u>8,134,061</u>	<u>765,718</u>	<u>(86,448)</u>	<u>8,813,331</u>
Total governmental activities capital assets	<u>\$ 45,846,760</u>	<u>\$ 1,836,282</u>	<u>\$ (1,396,897)</u>	<u>\$ 46,286,145</u>

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STATISTICAL SECTION

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Statistical Section Summary:

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

Contents

Page

Financial Trends

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

132 - 139

Revenue Capacity

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

140 - 147

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.

148 - 157

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.

158 - 159

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.

160 - 162

Sources:

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Governmental activities:				
Net investment in capital assets	\$ 6,501,325	\$ 6,055,828	\$ 5,912,680	\$ 5,827,112
Restricted	671,607	558,133	939,970	1,236,187
Unrestricted	<u>4,182,128</u>	<u>4,391,355</u>	<u>4,551,251</u>	<u>4,287,289</u>
Total governmental activities net assets	<u>11,355,060</u>	<u>11,005,316</u>	<u>11,403,901</u>	<u>11,350,588</u>
Business-type activities				
Net investment in capital assets	9,896,072	11,851,317	11,166,056	10,801,091
Restricted	2,511,098	1,441,519	2,391,976	2,322,758
Unrestricted	<u>(335,098)</u>	<u>568,567</u>	<u>1,459,609</u>	<u>2,962,850</u>
Total business-type activities net assets	<u>12,072,072</u>	<u>13,861,403</u>	<u>15,017,641</u>	<u>16,086,699</u>
Primary government:				
Net investment in capital assets	16,397,397	17,907,145	17,078,736	16,628,203
Restricted	3,182,705	1,999,652	3,331,946	3,558,945
Unrestricted	<u>3,847,030</u>	<u>4,959,922</u>	<u>6,010,860</u>	<u>7,250,139</u>
Total primary government net assets	<u>\$ 23,427,132</u>	<u>\$ 24,866,719</u>	<u>\$ 26,421,542</u>	<u>\$ 27,437,287</u>

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

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

Exhibit B-1

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	5,202,726	\$ 5,148,905	\$ 4,433,162	\$ 4,720,074	\$ 4,552,253	\$ 2,426,395
	1,306,222	1,698,544	1,495,321	1,491,721	1,451,712	3,513,602
	<u>4,410,994</u>	<u>(8,198,359)</u>	<u>(8,269,716)</u>	<u>(8,851,771)</u>	<u>(9,294,802)</u>	<u>(9,876,143)</u>
	<u>10,919,942</u>	<u>(1,350,910)</u>	<u>(2,341,233)</u>	<u>(2,639,976)</u>	<u>(3,290,837)</u>	<u>(3,936,146)</u>
	11,320,364	15,614,500	16,018,887	16,322,430	18,197,269	19,222,934
	3,097,382	2,982,699	2,632,379	2,651,667	2,346,576	2,093,918
	<u>4,255,594</u>	<u>2,839,400</u>	<u>4,474,467</u>	<u>5,586,776</u>	<u>5,765,897</u>	<u>7,401,801</u>
	<u>18,673,340</u>	<u>21,436,599</u>	<u>23,125,733</u>	<u>24,560,873</u>	<u>26,309,742</u>	<u>28,718,653</u>
	16,523,090	17,708,045	17,404,961	17,714,398	19,589,813	18,586,395
	4,403,604	4,681,243	4,127,700	4,143,388	3,798,288	5,607,520
	<u>8,666,588</u>	<u>(2,303,599)</u>	<u>(748,161)</u>	<u>63,111</u>	<u>(369,196)</u>	<u>588,592</u>
\$	<u><u>29,593,282</u></u>	<u><u>20,085,689</u></u>	<u><u>20,784,500</u></u>	<u><u>21,920,897</u></u>	<u><u>23,018,905</u></u>	<u><u>24,782,507</u></u>

City of Pampa, Texas

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

Expenses:	2010	2011	2012	2013
Governmental activities:				
General government	\$ 1,726,594	\$ 1,915,324	\$ 1,948,434	\$ 2,057,208
Public safety	5,315,710	5,565,027	5,703,096	5,991,983
Streets and traffic	2,227,433	2,336,295	2,340,941	2,378,698
Solid waste	1,095,529	1,238,104	1,281,762	1,282,125
Culture and recreation	1,410,324	1,495,278	1,474,283	1,488,900
Interest on long-term debt and bond costs	89,587	194,127	176,259	229,502
Bond issuance costs	-	-	-	-
Total governmental activities expenses	<u>11,865,177</u>	<u>12,744,155</u>	<u>12,924,775</u>	<u>13,428,416</u>
Business-type activities:				
Water and sewer system	6,278,673	6,231,284	6,417,808	6,533,386
Solid waste management	2,216,417	1,927,157	1,917,856	1,874,287
Aquatics center	138,002	444,769	658,523	602,512
Golf course	531,643	544,819	572,049	520,294
Leased properties	65,239	59,782	170,612	36,519
Total business-type activities expenses	<u>9,229,974</u>	<u>9,207,811</u>	<u>9,736,848</u>	<u>9,566,998</u>
Total primary government expenses	<u>\$ 21,095,151</u>	<u>\$ 21,951,966</u>	<u>\$ 22,661,623</u>	<u>\$ 22,995,414</u>
Program revenues:				
Governmental activities:				
Charges for services:				
General government	\$ 877,752	\$ 878,110	\$ 874,379	\$ 870,251
Public safety	562,400	643,129	625,510	659,926
Solid waste	2,043,726	2,160,335	2,272,971	2,317,559
Culture and recreation	110,461	98,736	105,024	109,728
Operating grants and contributions	259,101	197,328	123,918	200,975
Capital grants and contributions	-	-	-	-
Total governmental activities program revenues	<u>3,853,440</u>	<u>3,977,638</u>	<u>4,001,802</u>	<u>4,158,439</u>
Business-type activities:				
Charges for services:				
Water and sewer system	6,523,001	7,435,813	8,011,562	7,910,442
Solid waste management	1,625,931	1,760,343	1,866,920	1,781,560
Aquatics center	-	336,941	350,368	317,239
Golf course	282,796	301,363	316,517	321,192
Leased properties	7,393	49,795	55,757	73,958
Operating grants and contributions	-	75,000	-	162,830
Capital grants and contributions	418,204	314,590	19,975	50,000
Total business-type activities program revenues	<u>8,857,325</u>	<u>10,273,845</u>	<u>10,621,099</u>	<u>10,617,221</u>
Total primary government program revenues	<u>\$ 12,710,765</u>	<u>\$ 14,251,483</u>	<u>\$ 14,622,901</u>	<u>\$ 14,775,660</u>
Net (Expense) Revenue				
Governmental activities	\$ (8,011,737)	\$ (8,766,517)	\$ (8,922,973)	\$ (9,269,977)
Business-type activities	(372,649)	1,066,034	884,251	1,050,223
Total primary government net (expense) revenue	<u>\$ (8,384,386)</u>	<u>\$ (7,700,483)</u>	<u>\$ (8,038,722)</u>	<u>\$ (8,219,754)</u>
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 3,491,082	\$ 3,639,707	\$ 3,635,602	\$ 3,653,330
Sales taxes	3,303,194	3,685,594	4,175,086	4,191,828
Other taxes	1,371,252	1,400,968	1,501,817	1,531,842
Investment earnings	15,051	12,449	22,632	14,795
Miscellaneous revenues	144,601	157,171	55,643	64,999
Transfers in (out)	(1,134,174)	(479,116)	(69,222)	(85,551)
Total governmental activities	<u>7,191,006</u>	<u>8,416,773</u>	<u>9,321,558</u>	<u>9,371,243</u>
Business-type activities:				
Investment earnings	17,681	17,680	5,330	9,002
Miscellaneous revenues	161,246	226,505	197,434	261,465
Transfers in (out)	1,134,174	479,116	69,222	85,551
Total business-type activities	<u>1,313,101</u>	<u>723,301</u>	<u>271,986</u>	<u>356,018</u>
Total primary government	<u>\$ 8,504,107</u>	<u>\$ 9,140,074</u>	<u>\$ 9,593,544</u>	<u>\$ 9,727,261</u>
Change in Net Position				
Governmental activities	\$ (820,731)	\$ (349,744)	\$ 398,585	\$ 101,266
Business-type activities	940,452	1,789,335	1,156,237	1,406,241
Total primary government	<u>\$ 119,721</u>	<u>\$ 1,439,591</u>	<u>\$ 1,554,822</u>	<u>\$ 1,507,507</u>

Exhibit B-2

	2014	2015	2016	2017	2018	2019
\$	2,109,398	\$ 2,218,527	\$ 2,245,560	\$ 2,122,176	\$ 2,060,823	\$ 2,062,349
	6,137,330	6,434,064	6,917,024	7,198,624	7,267,208	7,698,846
	2,349,728	1,798,303	1,683,410	1,600,766	1,563,885	1,455,598
	1,366,173	1,436,844	1,565,106	1,523,816	1,538,354	1,408,053
	1,633,041	1,837,664	1,963,073	1,842,008	1,647,982	1,621,738
	210,265	314,523	268,653	278,728	232,337	229,280
	-	40,757	-	-	-	-
	<u>13,805,935</u>	<u>14,080,682</u>	<u>14,642,826</u>	<u>14,566,118</u>	<u>14,310,589</u>	<u>14,475,864</u>
	6,614,032	6,830,373	6,893,330	6,741,312	6,436,059	6,514,468
	1,714,224	1,604,782	1,624,659	1,576,767	1,527,409	1,739,408
	585,061	491,665	501,808	458,729	509,783	508,471
	529,837	515,374	525,914	518,127	551,756	620,224
	36,002	39,151	20,786	18,413	21,114	22,798
	<u>9,479,156</u>	<u>9,481,345</u>	<u>9,566,497</u>	<u>9,313,348</u>	<u>9,046,121</u>	<u>9,405,369</u>
\$	<u>23,285,091</u>	<u>23,562,027</u>	<u>24,209,323</u>	<u>23,879,466</u>	<u>23,356,710</u>	<u>23,881,233</u>
\$	921,776	\$ 975,947	\$ 1,023,082	\$ 966,707	\$ 1,084,563	\$ 1,102,392
	584,846	515,719	624,196	717,025	682,122	623,788
	2,400,135	2,443,191	2,435,430	2,396,383	2,447,986	2,497,239
	100,297	91,735	95,841	345,210	306,394	290,279
	114,551	121,534	421,602	233,540	193,967	196,330
	-	-	-	600,000	177,320	14,611
	<u>4,121,605</u>	<u>4,148,126</u>	<u>4,600,151</u>	<u>5,258,865</u>	<u>4,892,352</u>	<u>4,724,639</u>
	7,936,781	7,920,229	7,981,648	8,026,752	7,992,046	7,824,385
	2,024,031	2,033,115	2,110,968	2,021,098	1,990,034	1,952,697
	298,372	319,331	361,125	287,344	251,028	257,346
	308,207	312,355	287,239	294,022	285,674	261,344
	89,504	71,212	45,251	39,284	37,672	33,739
	84,588	2,923	16,654	-	-	-
	30,000	66,811	299,720	22,744	5,733	48,180
	<u>10,771,483</u>	<u>10,725,976</u>	<u>11,102,605</u>	<u>10,691,244</u>	<u>10,562,187</u>	<u>10,377,691</u>
\$	<u>14,893,088</u>	<u>14,874,102</u>	<u>15,702,756</u>	<u>15,950,109</u>	<u>15,454,539</u>	<u>15,102,330</u>
\$	(9,684,330)	\$ (9,932,556)	\$ (10,042,675)	\$ (9,307,253)	\$ (9,418,237)	\$ (9,751,225)
	1,292,327	1,244,631	1,536,108	1,377,896	1,516,066	972,322
\$	<u>(8,392,003)</u>	<u>(8,687,925)</u>	<u>(8,506,567)</u>	<u>(7,929,357)</u>	<u>(7,902,171)</u>	<u>(8,778,903)</u>
\$	3,902,718	\$ 3,945,287	\$ 4,174,713	\$ 4,231,691	\$ 4,204,793	\$ 4,263,669
	4,570,962	4,047,076	3,311,843	3,141,356	3,338,080	3,245,164
	1,778,247	1,783,540	1,569,579	1,510,053	1,582,469	1,437,658
	7,774	5,832	3,481	4,589	17,517	87,873
	97,384	141,866	66,026	80,511	224,753	109,842
	(1,103,401)	(3,201,978)	(73,290)	40,310	(170,290)	(38,290)
	<u>9,253,684</u>	<u>6,721,623</u>	<u>9,052,352</u>	<u>9,008,510</u>	<u>9,197,322</u>	<u>9,105,916</u>
	4,416	1,917	2,019	3,214	31,168	248,217
	186,497	-	77,717	94,340	115,673	1,150,082
	1,103,401	3,201,978	73,290	(40,310)	170,290	38,290
	<u>1,294,314</u>	<u>3,203,895</u>	<u>153,026</u>	<u>57,244</u>	<u>317,131</u>	<u>1,436,589</u>
\$	<u>10,547,998</u>	<u>9,925,518</u>	<u>9,205,378</u>	<u>9,065,754</u>	<u>9,514,453</u>	<u>10,542,505</u>
\$	(430,646)	\$ (3,210,933)	\$ (990,323)	\$ (298,743)	\$ (220,915)	\$ (645,309)
	2,586,641	4,448,526	1,689,134	1,435,140	1,833,197	2,408,911
\$	<u>2,155,995</u>	<u>1,237,593</u>	<u>698,811</u>	<u>1,136,397</u>	<u>1,612,282</u>	<u>1,763,602</u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
General fund:				
Non-spendable	\$ -	\$ 96,116	\$ 81,203	\$ 83,787
Restricted	-	107,715	93,872	109,048
Assigned	-	665,559	407,718	625,965
Unassigned	-	3,492,768	4,231,962	4,020,833
Reserved	322,697	-	-	-
Unreserved	3,622,291	-	-	-
Total general fund	<u>3,944,988</u>	<u>4,362,158</u>	<u>4,814,755</u>	<u>4,839,633</u>
All other governmental funds:				
Non-spendable	-	350,000	354,789	355,057
Restricted	-	100,418	3,457,410	1,395,886
Committed	-	-	155,222	-
Assigned	-	434,959	-	-
Reserved for:				
Debt service	49,392	-	-	-
M.K. Brown Auditorium	357,904	-	-	-
Unreserved, reported in :				
Capital projects fund	264,311	-	-	-
Special revenue funds	545,832	-	-	-
Total all other governmental funds	<u>1,217,439</u>	<u>885,377</u>	<u>3,967,421</u>	<u>1,750,943</u>
Total all governmental funds	<u>\$ 5,162,427</u>	<u>\$ 5,247,535</u>	<u>\$ 8,782,176</u>	<u>\$ 6,590,576</u>

Note: The City of Pampa implemented GASB 54 in fiscal year 2011 which changed fund balance classifications.

Exhibit B-3

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	91,672	\$ 145,405	\$ 89,655	\$ 86,507	\$ 86,362	\$ 101,900
	121,815	403,893	302,309	349,261	325,721	2,502,079
	968,214	394,094	403,712	554,627	581,146	808,640
	3,707,019	3,699,018	3,997,330	3,930,233	3,772,462	2,946,281
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>4,888,720</u>	<u>4,642,410</u>	<u>4,793,006</u>	<u>4,920,628</u>	<u>4,765,691</u>	<u>6,358,900</u>
	354,385	353,597	135,842	136,747	136,107	355,978
	972,433	1,038,533	1,156,903	1,077,932	995,991	677,967
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>1,326,818</u>	<u>1,392,130</u>	<u>1,292,745</u>	<u>1,214,679</u>	<u>1,132,098</u>	<u>1,033,945</u>
\$	<u><u>6,215,538</u></u>	<u><u>6,034,540</u></u>	<u><u>6,085,751</u></u>	<u><u>6,135,307</u></u>	<u><u>5,897,789</u></u>	<u><u>7,392,845</u></u>

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Revenues				
Taxes	\$ 8,162,945	\$ 8,719,982	\$ 9,326,694	\$ 9,400,017
Charges for services	3,269,010	3,360,112	3,448,686	3,512,341
Fines & forfeitures	342,124	417,281	409,960	433,321
Interest	15,048	12,447	22,623	14,780
Intergovernmental	167,866	149,192	92,542	106,449
Licenses & permits	69,035	57,328	65,094	73,208
Miscellaneous	290,063	205,307	90,734	190,793
Total revenues	<u>12,316,091</u>	<u>12,921,649</u>	<u>13,456,333</u>	<u>13,730,909</u>
Expenditures				
General government	1,421,703	1,544,600	1,548,041	1,688,987
Public safety	5,128,780	5,411,834	5,574,249	5,877,698
Streets & traffic	1,903,806	1,995,004	1,981,536	1,993,924
Solid waste management	997,336	1,114,330	1,173,103	1,170,849
Culture & recreation	1,117,380	1,189,399	1,170,732	1,189,456
Capital outlay	994,215	542,837	823,592	3,267,736
Debt service:				
Interest and fiscal charges	93,970	139,456	211,700	178,953
Principal	468,187	419,965	435,862	389,313
Bond/Note issuance costs	-	-	-	-
Total expenditures	<u>12,125,377</u>	<u>12,357,425</u>	<u>12,918,815</u>	<u>15,756,916</u>
Excess of revenues over (under) expenditures	<u>190,714</u>	<u>564,224</u>	<u>537,518</u>	<u>(2,026,007)</u>
Other Financing Sources (Uses)				
Proceeds from borrowing	142,498	-	3,426,973	-
Payments to escrow agent	-	-	(330,000)	-
Transfers in	475,183	335,618	376,467	521,907
Transfers out	<u>(1,570,714)</u>	<u>(814,734)</u>	<u>(476,317)</u>	<u>(687,500)</u>
Total other financing sources (uses)	<u>(953,033)</u>	<u>(479,116)</u>	<u>2,997,123</u>	<u>(165,593)</u>
Net change in fund balances	<u>\$ (762,319)</u>	<u>\$ 85,108</u>	<u>\$ 3,534,641</u>	<u>\$ (2,191,600)</u>
Debt service as a percentage of non-capital expenditures	<u>5.05%</u>	<u>4.74%</u>	<u>5.35%</u>	<u>4.55%</u>

Exhibit B-4

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	10,271,990	\$ 9,769,064	\$ 9,060,373	\$ 8,857,616	\$ 9,112,120	8,940,191
	3,581,496	3,628,290	3,639,478	3,851,691	3,863,464	3,954,113
	341,574	282,893	386,083	494,604	448,287	373,858
	7,755	5,824	3,471	4,577	17,459	87,730
	96,884	106,596	409,505	791,770	308,406	73,973
	141,459	201,393	220,297	146,848	275,583	260,780
	115,051	171,536	340,185	132,540	303,092	288,224
	<u>14,556,209</u>	<u>14,165,596</u>	<u>14,059,392</u>	<u>14,279,646</u>	<u>14,328,411</u>	<u>13,978,869</u>
	1,808,722	1,986,896	1,865,479	1,902,106	2,002,678	1,981,660
	5,908,604	6,242,152	6,383,905	6,571,708	6,874,956	7,245,700
	1,998,146	1,483,933	1,327,707	1,312,806	1,379,098	1,351,336
	1,234,783	1,321,390	1,357,357	1,365,267	1,389,411	1,281,381
	1,335,798	1,488,156	1,594,126	1,487,296	1,371,144	1,369,502
	982,521	1,159,359	685,942	1,421,878	496,560	504,746
	181,911	280,858	255,710	452,734	265,235	192,664
	377,361	470,782	464,665	337,319	616,557	663,534
	-	40,757	-	34,859	-	40,000
	<u>13,827,846</u>	<u>14,474,283</u>	<u>13,934,891</u>	<u>14,885,973</u>	<u>14,395,639</u>	<u>14,630,523</u>
	<u>728,363</u>	<u>(308,687)</u>	<u>124,501</u>	<u>(606,327)</u>	<u>(67,228)</u>	<u>(651,654)</u>
	-	1,724,382	-	3,760,714	-	2,185,000
	-	(1,505,843)	-	(3,145,141)	-	-
	461,615	397,150	393,558	461,240	473,198	390,710
	<u>(1,565,016)</u>	<u>(488,000)</u>	<u>(466,848)</u>	<u>(420,930)</u>	<u>(643,488)</u>	<u>(429,000)</u>
	<u>(1,103,401)</u>	<u>127,689</u>	<u>(73,290)</u>	<u>655,883</u>	<u>(170,290)</u>	<u>2,146,710</u>
\$	<u>(375,038)</u>	<u>(180,998)</u>	<u>51,211</u>	<u>49,556</u>	<u>(237,518)</u>	<u>1,495,056</u>
	<u>4.35%</u>	<u>5.95%</u>	<u>5.44%</u>	<u>6.13%</u>	<u>6.34%</u>	<u>6.34%</u>

City of Pampa, Texas
Taxable Sales by Category
Calendar Years 2009 - 2018

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
Agriculture/Forestry/Fishing/Hunting	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported
Mining/Quarrying/Oil and Gas	2,067,498	2,008,723	1,956,774	4,254,136
Utilities	Not reported	Not reported	Not reported	Not reported
Construction	2,806,660	3,919,083	6,717,183	10,253,984
Manufacturing	23,227,322	33,107,010	35,914,700	37,701,888
Wholesale Trade	11,646,858	29,565,209	40,868,599	39,492,521
Retail Trade	94,632,162	99,019,926	108,641,919	119,659,859
Transportation/Warehousing	Not reported	Not reported	537	Not reported
Information	4,491,761	3,201,041	1,136,529	2,206,215
Finance/Insurance	878,595	777,378	800,973	823,252
Real Estate/Rental Leasing	3,976,402	3,915,356	3,614,963	4,132,571
Professional/Scientific/Technical Services	798,204	902,609	1,057,060	1,199,577
Management of Companies/Enterprises	Not reported	Not reported	Not reported	Not reported
Admin/Support/Waste Mgmt/Remediation	5,424,978	4,348,776	5,304,787	5,711,890
Educational Services	Not reported	Not reported	Not reported	Not reported
Health Care/Social Assistance	560,099	567,368	787,751	1,528,525
Arts/Entertainment/Recreation	310,199	367,767	560,539	615,987
Accommodation/Food Services	19,019,430	18,760,767	20,435,435	22,161,221
Other Services	4,091,985	3,828,257	4,881,187	5,827,342
Public Administration	Not reported	Not reported	Not reported	Not reported
Other	Not reported	Not reported	Not reported	Not reported
All Industries **	<u>\$ 174,153,105</u>	<u>\$ 205,401,077</u>	<u>\$ 236,177,159</u>	<u>\$ 258,069,687</u>
City direct sales tax rate	2.0%	2.0%	2.0%	2.0%

* Taxable Sales by Category is reported for 2018 and the previous ten years as the 2019 sales tax data is not available for the entire year.

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

Exhibit C-1

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018 *</u>
\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported	\$ Not reported
7,659,569	8,207,850	3,506,637	2,120,199	2,009,008	2,716,147
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
8,504,872	8,481,587	7,449,839	7,539,745	7,463,230	5,515,901
44,001,189	55,055,193	34,653,427	12,094,474	13,695,221	17,874,042
23,650,358	31,334,281	15,624,696	12,174,275	15,487,352	14,874,598
118,152,346	119,787,476	110,563,511	104,532,507	99,956,545	104,719,754
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
4,648,068	6,179,783	6,122,371	6,633,488	6,204,318	6,163,317
772,808	728,904	611,732	570,077	560,092	592,183
3,991,091	4,061,853	3,594,159	2,830,168	2,693,421	2,743,130
1,415,993	1,444,729	817,186	551,841	516,655	475,719
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
5,766,487	5,352,734	5,019,987	4,434,860	5,100,080	4,983,028
Not reported	Not reported	Not reported	Not reported	29,588	Not reported
1,019,269	343,359	480,269	378,805	303,884	118,759
776,009	832,195	825,873	789,317	627,972	168,200
22,718,142	24,046,459	23,372,987	20,307,423	18,864,953	19,731,223
6,012,572	6,480,114	6,098,753	4,853,121	4,801,140	5,223,218
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
Not reported	Not reported	Not reported	Not reported	Not reported	Not reported
<u>\$ 249,411,627</u>	<u>\$ 272,336,517</u>	<u>\$ 219,066,846</u>	<u>\$ 180,175,412</u>	<u>\$ 178,594,841</u>	<u>\$ 186,354,437</u>
2.0%	2.0%	2.0%	2.0%	2.0%	2.0%

City of Pampa, Texas

Exhibit C-2

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

Tax Roll For Year Jan. 1	Fiscal Year	Assessed Value		Total Market Value*	Total Direct Tax Rate
		Real Property Value	Personal Property Value		
2009	2010	509,262,355	90,600,967	599,863,322	0.6650
2010	2011	511,204,700	92,231,494	603,436,194	0.6269
2011	2012	531,476,356	80,840,085	612,316,441	0.6210
2012	2013	534,026,989	86,970,461	620,997,450	0.6210
2013	2014	560,096,730	108,506,050	668,602,780	0.6210
2014	2015	592,120,770	101,843,030	693,963,800	0.6210
2015	2016	603,432,260	92,154,300	695,586,560	0.6572
2016	2017	614,161,660	67,891,660	682,053,320	0.6770
2017	2018	617,369,120	63,200,035	680,569,155	0.6770
2018	2019	644,495,839	63,100,843	707,596,682	0.6770

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

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

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

Exhibit C-3

Fiscal Year	City of Pampa Direct Rates				Overlapping Rates*	
	General Maintenance	Debt Service	Library Maintenance	Total Direct	Pampa Independent School District	Gray County
2010	0.501156	0.095774	0.030000	0.626930	1.369	0.446262
2011	0.505200	0.091730	0.030000	0.626930	1.369	0.529612
2012	0.498381	0.092646	0.030000	0.621027	1.309	0.529612
2013	0.498846	0.092181	0.030000	0.621027	1.309	0.497336
2014	0.504186	0.086841	0.030000	0.621027	1.309	0.497861
2015	0.477337	0.113690	0.030000	0.621027	1.309	0.487297
2016	0.520833	0.106342	0.030000	0.657175	1.309	0.535768
2017	0.541500	0.105500	0.030000	0.677000	1.309	0.638910
2018	0.532808	0.114192	0.030000	0.677000	1.309	0.649725
2019	0.531211	0.115789	0.030000	0.677000	1.325	0.653705

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

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

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

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

Exhibit C-4

Taxpayer	2019			2010		
	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Valuation	Rank	Percentage of Total City Taxable Assessed Value
Southwestern Public Serv	\$ 10,228,270	1	1.50%	\$ 6,339,062	5	1.20%
Atmos Energy	9,079,980	2	1.33%	-	-	-
Wal-Mart Stores Inc	8,582,210	3	1.26%	6,917,640	3	1.31%
BNSF Railway Co	5,957,400	4	0.88%	-	-	-
805 Hobart, LLC	4,013,370	5	0.59%	-	-	-
Wal-Mart/Sams Club	3,869,790	6	0.57%	6,347,459	4	1.20%
Jamal Enterprises LP	3,156,330	7	0.46%	-	-	-
Southwestern Bell Telephone Co	3,040,140	8	0.45%	3,757,501	7	0.71%
Blumenfeld Terry	3,027,140	9	0.44%	-	-	-
J&M Bagwell Properties LLC	2,687,390	10	0.39%	-	-	-
Signature Pampa Hospital	-	-	-	9,490,410	1	1.80%
Pampa Regional Medical Center	-	-	-	9,205,414	2	1.75%
West Texas Landscaping	-	-	-	4,026,232	6	0.76%
Shreedhi Krupa Hotels	-	-	-	3,529,570	8	0.67%
Fluid Compressor Partners	-	-	-	3,528,590	9	0.67%
Daniel Weingarten	-	-	-	3,009,550	10	0.57%
Total	\$ 53,642,020		7.88%	\$ 56,151,428		10.65%

Source: Gray County Appraisal District

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

Fiscal Year Ended September 30	Total Tax Levy	Collected within the Fiscal Year of the Levy	
		Amount Collected	Percentage of Levy
2010	\$ 3,452,386	3,304,156	95.7%
2011	3,546,898	3,387,338	95.5%
2012	3,579,636	3,458,867	96.6%
2013	3,625,725	3,499,843	96.5%
2014	3,911,367	3,707,585	94.8%
2015	3,878,782	3,751,424	96.7%
2016	4,139,030	4,017,949	97.1%
2017	4,238,318	4,058,862	95.8%
2018	4,169,709	4,010,867	96.2%
2019	4,201,155	4,042,727	96.2%

Exhibit C-5

Total Collections to Date			
	Collections in	Total	Percentage
	Subsequent Years	Collected	of Levy
\$	143,131	\$ 3,447,287	99.9%
	153,059	3,540,397	99.8%
	111,817	3,570,684	99.7%
	111,340	3,611,183	99.6%
	183,613	3,891,198	99.5%
	107,759	3,859,183	99.5%
	102,008	4,119,957	99.5%
	138,425	4,197,287	99.0%
	99,603	4,110,470	98.6%
	-	4,042,727	96.2%

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

Fiscal Year	Governmental Activities			Business-type	
	General Obligation Bonds (1)	Tax Note	Capital Leases	Revenue Bonds & Certificates of Obligation	CRMWA Obligations (1)
2010	\$ 3,766,207	\$ -	\$ 142,498	\$ 14,492,724	\$ 6,532,462
2011	3,372,512	-	116,228	13,756,419	6,211,644
2012	5,933,979	-	91,899	13,696,021	8,851,260
2013	5,573,122	-	63,443	12,751,880	8,269,063
2014	5,225,379	-	33,824	11,784,624	7,804,417
2015	7,803,788	-	134,707	7,941,226	7,122,720
2016	7,382,606	-	91,214	7,002,394	6,646,000
2017	7,193,841	-	627,040	6,961,159	6,134,581
2018	6,815,885	-	461,472	6,427,202	5,824,384
2019	6,255,160	2,185,000	350,507	5,749,711	5,319,658

(1) Presented net of original issuance discounts and premiums

(2) Personal income is disclosed on page 158

(3) Source: United States Census

2010 Census Population: 17,994

Exhibit D-1

<u>Activities</u>				
	<u>Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income (2)</u>	<u>Per Capita (3)</u>
\$	50,138	\$ 24,984,029	4.46%	\$ 1,388
	366,422	23,823,225	4.60%	1,324
	372,898	28,946,057	5.79%	1,609
	392,226	27,049,734	5.61%	1,503
	241,566	25,089,810	5.01%	1,394
	84,937	23,087,378	4.50%	1,283
	134,392	21,256,606	4.25%	1,181
	267,044	21,183,665	4.16%	1,177
	202,694	19,731,637	4.22%	1,097
	373,037	20,233,073	4.20%	1,124

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

Exhibit D-2

<u>Fiscal Year</u>	<u>General Obligation Bonds (1)</u>	<u>Resources Restricted for paying Debt Service</u>	<u>Net General Obligation Bonds Outstanding</u>	<u>Assessed Taxable Value</u>	<u>Ratio of Net General Obligation Bonds Outstanding to Assessed Taxable Value</u>	<u>Net General Obligation Bonds Outstanding Per Capita</u>
2010	\$ 3,766,207	\$ 49,392	\$ 3,716,815	\$ 599,863,322	0.62%	\$ 207
2011	3,372,512	23,615	3,348,897	603,166,194	0.56%	186
2012	5,933,979	26,848	5,907,131	612,316,441	0.96%	328
2013	5,573,122	26,960	5,546,162	620,997,450	0.89%	308
2014	5,225,379	149,430	5,075,949	668,602,780	0.76%	282
2015	7,803,778	189,637	7,614,141	693,963,800	1.10%	423
2016	7,382,606	191,919	7,190,687	695,586,560	1.03%	400
2017	7,193,841	198,384	6,995,457	682,053,320	1.03%	389
2018	6,815,885	193,882	6,622,003	680,569,155	0.97%	368
2019	6,255,160	176,500	6,078,660	707,596,682	0.86%	338

(1) Presented net of original issuance discounts and premiums

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

See Exhibit C-2 for property value data.

City of Pampa, Texas
Direct and Overlapping Governmental Activities Debt
September 30, 2019

Exhibit D-3

	<u>Debt Outstanding</u>	<u>Estimated Percent Applicable*</u>	<u>Applicable Debt Outstanding</u>
Pampa Independent School District	\$ 55,254,200	49%	\$ 27,074,558
Gray County	989,107	33%	<u>326,405</u>
Total overlapping debt			27,400,963
City of Pampa			<u>8,790,667</u>
Total direct and overlapping debt			<u><u>\$ 36,191,630</u></u>

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

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

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

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

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Assessed value, before exemptions	\$ <u>599,863,322</u>	\$ <u>603,436,194</u>	\$ <u>612,316,441</u>	\$ <u>620,997,450</u>
Legal debt limit (10% of assessed value, before exemptions)	\$ <u>59,986,332</u>	\$ <u>60,343,619</u>	\$ <u>61,231,644</u>	\$ <u>62,099,745</u>
General obligation bonds	\$ 3,766,207	\$ 3,372,512	\$ 5,933,979	\$ 5,573,122
Tax note	-	-	-	-
Less: Resources restricted for paying debt service	<u>49,392</u>	<u>23,615</u>	<u>26,848</u>	<u>26,960</u>
Total net general obligation debt outstanding applicable to the limit	\$ <u>3,716,815</u>	\$ <u>3,348,897</u>	\$ <u>5,907,131</u>	\$ <u>5,546,162</u>
Computation of legal debt margin:				
Legal debt limit	\$ 59,986,332	\$ 60,343,619	\$ 61,231,644	\$ 62,099,745
Less: Net general obligation debt outstanding	<u>3,716,815</u>	<u>3,348,897</u>	<u>5,907,131</u>	<u>5,546,162</u>
Legal debt margin	\$ <u>56,269,517</u>	\$ <u>56,994,722</u>	\$ <u>55,324,513</u>	\$ <u>56,553,583</u>
Total net debt applicable to the limit as a percentage of debt limit	<u>6.20%</u>	<u>5.55%</u>	<u>9.65%</u>	<u>8.93%</u>

Exhibit D-4

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ <u>668,602,780</u>	\$ <u>693,963,800</u>	\$ <u>695,586,560</u>	\$ <u>682,053,320</u>	\$ <u>680,569,155</u>	\$ <u>707,596,682</u>
\$ <u>66,860,278</u>	\$ <u>69,396,380</u>	\$ <u>69,558,656</u>	\$ <u>68,205,332</u>	\$ <u>68,056,916</u>	\$ <u>70,759,668</u>
\$ 5,225,379	\$ 7,803,778	\$ 7,382,606	\$ 7,271,258	\$ 6,742,800	\$ 6,190,231
-	-	-	-	-	2,185,000
<u>149,430</u>	<u>189,637</u>	<u>191,919</u>	<u>198,384</u>	<u>193,882</u>	<u>176,500</u>
\$ <u>5,075,949</u>	\$ <u>7,614,141</u>	\$ <u>7,190,687</u>	\$ <u>7,072,874</u>	\$ <u>6,548,918</u>	\$ <u>8,198,731</u>
\$ 66,860,278	\$ 69,396,380	\$ 69,558,656	\$ 68,205,332	\$ 68,056,916	\$ 70,759,668
<u>5,075,949</u>	<u>7,614,141</u>	<u>7,190,687</u>	<u>7,072,874</u>	<u>6,548,918</u>	<u>8,198,731</u>
\$ <u>61,784,329</u>	\$ <u>61,782,239</u>	\$ <u>62,367,969</u>	\$ <u>61,132,458</u>	\$ <u>61,507,998</u>	\$ <u>62,560,937</u>
<u>7.59%</u>	<u>10.97%</u>	<u>10.34%</u>	<u>10.37%</u>	<u>9.62%</u>	<u>11.59%</u>

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

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses Before Debt Service (2)</u>	<u>Net Revenues Available for Debt Service</u>
<u>Water & Sewer Fund</u>			
2010	\$ 6,680,173	\$ 4,635,027	\$ 2,045,146
2011	7,833,264	4,560,758	3,272,506
2012	8,172,377	4,593,845	3,578,532
2013	8,156,934	4,760,391	3,396,543
2014	8,078,657	4,760,904	3,317,753
2015	8,001,551	5,040,710	2,960,841
2016	8,300,829	5,092,949	3,207,880
2017	8,048,243	5,005,295	3,042,948
2018	8,052,150	4,897,918	3,154,232
2019	8,144,867	5,000,170	3,144,697
<u>Solid Waste Fund</u>			
2010	\$ 1,637,664	\$ 1,310,778	\$ 326,886
2011	1,943,435	1,049,993	893,442
2012	1,889,043	1,109,870	779,173
2013	1,957,315	1,127,579	829,736
2014	2,145,923	989,975	1,155,948
2015	2,055,526	903,316	1,152,210
2016	2,144,893	1,003,605	1,141,288
2017	2,091,636	1,188,033	903,603
2018	2,015,951	1,106,464	909,487
2019	2,053,745	1,190,903	862,842

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

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

Exhibit D-5 (continued)

	Debt Service			Times Coverage
	Principal	Interest	Total	
\$	590,747	\$ 320,535	\$ 911,282	2.2
	629,016	264,553	893,569	3.7
	650,999	245,528	896,527	4.0
	739,375	251,078	990,453	3.4
	747,259	235,283	982,542	3.4
	734,246	215,364	949,610	3.1
	714,626	189,102	903,728	3.5
	226,585	228,963	455,548	6.7
	305,975	147,019	452,994	7.0
	368,163	81,190	449,353	7.0
\$	19,595	\$ 288,062	\$ 307,657	1.1
	77,282	197,992	275,274	3.2
	83,764	195,666	279,430	2.8
	173,064	193,135	366,199	2.3
	186,595	187,158	373,753	3.1
	190,726	160,881	351,607	3.3
	223,058	141,978	365,036	3.1
	193,419	229,419	422,838	2.1
	220,689	150,974	371,663	2.4
	301,546	69,858	371,404	2.3

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

<u>Fiscal Year</u>	<u>Gross Revenues (1)</u>	<u>Operating Expenses Before Debt Service (2)</u>	<u>Net Revenues Available for Debt Service</u>
<u>Municipal Golf Course</u>			
2010	\$ 282,806	\$ 450,458	\$ (167,652)
2011	304,345	461,847	(157,502)
2012	336,063	472,390	(136,327)
2013	372,558	397,869	(25,311)
2014	338,287	400,040	(61,753)
2015	362,709	384,810	(22,101)
2016	322,265	390,523	(68,258)
2017	317,052	390,514	(73,462)
2018	347,476	402,902	(55,426)
2019	343,411	449,255	(105,844)
<u>Aquatics Center (3)</u>			
2010	\$ 418,204	-	\$ 418,204
2011	386,970	266,160	120,810
2012	359,080	360,837	(1,757)
2013	326,922	306,707	20,215
2014	310,010	284,358	25,652

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

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

Exhibit D-5 (continued)

	Debt Service			Times Coverage
	Principal	Interest	Total	
\$	1,144	\$ 2,361	\$ 3,505	-47.8
	1,144	2,321	3,465	-45.5
	1,144	2,281	3,425	-39.8
	1,144	2,241	3,385	-7.5
	1,144	2,201	3,345	-18.5
	1,144	2,161	3,305	-6.7
	1,144	2,121	3,265	-20.9
	7,150	2,081	9,231	-8.0
	7,293	1,104	8,397	-6.6
	7,722	951	8,673	-12.2
\$	18,676	\$ 162,330	\$ 181,006	2.3
	28,863	129,443	158,306	0.8
	30,560	128,794	159,354	0.0
	30,560	128,106	158,666	0.1
	32,258	127,113	159,371	0.2

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

Exhibit E-1

<u>Year</u>	<u>* Population</u>	<u>Personal Income (in thousands)</u>	<u>Per Capita Personal Income</u>	<u>Median Age</u>	<u>School Enrollment</u>	<u>Unemployment Rate</u>
2019	21,895	\$ 481,712	\$ 22,001	37.4	3,536	3.9%
2018	22,404	468,031	20,891	38.0	3,522	3.5%
2017	22,725	509,245	22,409	37.0	3,645	4.5%
2016	23,210	500,292	21,555	37.0	3,645	6.2%
2015	23,044	513,536	22,285	37.7	3,838	5.9%
2014	23,043	500,908	21,738	38.0	3,706	2.8%
2013	22,975	482,268	20,991	38.4	3,619	4.1%
2012	22,978	499,680	21,746	38.2	3,687	3.7%
2011	22,535	517,606	22,969	39.1	3,593	5.2%
2010	22,744	560,700	24,653	37.0	3,446	7.5%

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

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

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

Exhibit E-2

Employer	2010		2019		Percentage of Total City Employment
	Number of Employees	Rank	Number of Employees	Rank	
Pampa Independent School District	520	1	598	1	7.35%
Pampa Regional Medical Center	315	3	320	2	3.94%
Texas Department of Criminal Justice	332	2	315	3	3.87%
Wal-Mart	291	4	247	4	3.04%
Hunting Titan	125	9	229	5	2.82%
United	-	-	170	6	2.09%
City of Pampa	152	8	157	7	1.93%
SWM International	-	-	148	8	1.82%
Cabot Corporation	130	10	124	9	1.52%
Gray County	168	7	122	10	1.50%
National Oilwell Varco	273	5	-	-	-
Halliburton	203	6	-	-	-
	<u>2,509</u>		<u>2,430</u>		<u>29.88%</u>

Source: Pampa Chamber of Commerce

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

Exhibit F-1

<u>FUNCTION/PROGRAM</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
GENERAL FUND										
Administrative Services	3	3	3	3	3	3	3	3	3	3
Financial Services	6	6	6	6	6	5	5	5	5	5
Municipal Court	2	2	3	3	2	2	2	2	2	2
Police Services										
Officers	30	30	30	28	28	27	25	25	25	25
Civilians	0	0	0	2	2	2	4	3	3	3
Fire										
Firefighters and officers	28	28	28	28	28	28	28	28	28	28
Civilians	0	0	0	0	0	0	0	0	0	0
Planning & Engineering	2	2	2	2	2	2	2	2	2	2
Street & Traffic Control	10	10	10	10	9	17	17	17	17	17
Parks Department	7	7	7	8	7	0	0	0	0	0
Recreation Department	2	2	2	2	2	2	2	2	2	2
Buildings & Grounds	1	1	1	1	2	2	1	1	1	1
Community Services	2	2	2	2	2	1	1	2	1	1
Code Enforcement	4	4	4	5	5	5	5	5	5	5
Animal Control	6	6	6	6	7	5	4	3	3	3
Dispatching Services	8	8	8	8	8	8	8	8	8	8
Emergency Management	1	1	1	1	1	1	1	1	1	1
Data Processing	2	2	2	2	2	1	1	1	1	1
Purchasing	0	0	0	0	0	0	0	0	0	0
Central Stores	0	0	0	0	0	0	0	0	0	0
Central Garage	0	0	0	0	0	0	0	0	0	0
Solid Waste Collection	8	8	8	8	8	7	7	6	6	6
Risk Management	0	0	0	0	0	0	0	0	0	0
SPECIAL REVENUE FUNDS										
M.K. Brown Auditorium	0	1	0	0	1	1	1	1	1	1
Lovett Memorial Library	4	6	6	6	6	7	7	7	7	7
ENTERPRISE FUNDS										
Municipal Utilities	9	9	10	10	10	10	10	10	10	10
Water Distribution	8	9	9	9	9	9	9	9	9	9
Wastewater Collection	6	6	6	6	7	7	5	5	5	5
Landfill Composting	2	1	1	1	1	1	0	0	0	0
Solid Waste Landfill	6	6	6	6	6	6	7	7	7	7
Golf Course	0	0	0	0	0	0	0	0	0	0
TOTAL	157	160	161	163	164	159	155	153	152	152

Source: Various City Departments

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

Exhibit F-2

<u>Function/Program</u>	<u>Fiscal Year</u>									
	<u>2018-19</u>	<u>2017-18</u>	<u>2016-17</u>	<u>2015-16</u>	<u>2014-15</u>	<u>2013-14</u>	<u>2012-13</u>	<u>2011-12</u>	<u>2010-11</u>	<u>2009-10</u>
Police										
Physical arrests	1,049	539	1,086	744	687	653	964	885	918	917
Parking violations	34	2	39	18	19	33	95	7	65	-
Traffic violations	6,561	9,435	9,343	5,035	4,146	1,717	6,406	4,693	6,462	4,219
Fire										
Emergency responses	1,803	1,676	1,628	1,642	1,615	1,657	1,326	1,276	1,264	1,023
Fires extinguished	97	115	109	102	75	105	97	156	160	96
Inspections	51	80	59	94	60	48	62	70	55	31
Refuse Collection										
Refuse collected (tons per day)	63	65	70	71	74	72	55	66	61	62
Number of customers	7,097	7,148	7,217	7,358	7,474	7,538	7,523	7,489	7,463	7,427
Other Public Works										
Street resurfacing (sq. yards)	2,930	-	-	-	-	219,813	200,853	182,404	207,142	186,223
Potholes repaired	1,944	1,187	1,139	941	1,161	969	1,214	1,360	1,512	773
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	4	4	3	4	4	4	15	6	4	3
Number of volleyball leagues	4	4	5	6	6	6	9	4	4	4
Number of kickball leagues	-	-	2	3	3	3	4	3	2	3
Number of cornhole leagues	1	2	2	2	2	2	-	-	-	-
Library										
Volumes in collection	42,606	40,479	51,528	50,134	48,804	44,626	57,147	47,825	47,307	48,139
Total volumes borrowed	314	370	436	476	426	426	336	301	156	967
Water										
Number of customers	7,848	7,894	7,963	8,119	8,268	8,307	8,312	8,267	8,193	8,104
Average daily consumption (thousands of gallons)	1,956	2,174	2,213	2,219	2,158	2,500	2,556	2,698	2,723	2,303
Wastewater										
Number of customers	7,213	7,252	7,318	7,463	7,590	7,621	7,633	7,605	7,535	7,449
City Landfill										
Solid waste collected (tons/day)	167	168	173	175	176	193	176	197	171	185
Memorial Civic Center										
Auditorium rentals	100	102	99	102	96	99	105	108	88	87
Aquatic Center										
Total attendance	27,643	27,735	35,232	47,567	39,881	34,735	36,455	42,020	49,049	-
Days open	88	88	87	96	92	80	84	89	80	-

Source: Various City Departments

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

Exhibit F-3

<u>FUNCTION/PROGRAM</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	2	2	2	2	2	2	2	2	2	2
Refuse Collections										
Collection trucks	4	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	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460	1,460
Traffic signals	12	12	12	12	12	12	12	12	12	12
Parks and Recreation										
Acreage	332	332	332	332	332	332	332	332	332	332
Playgrounds	39	39	39	39	39	39	39	39	39	39
Baseball/softball diamonds	13	13	13	13	13	13	13	13	13	13
Community Center	1	1	1	1	1	1	1	1	1	1
Jogging trails (miles)	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5	3.5
Water										
Water mains (miles)	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5	160.5
Fire hydrants	600	600	600	600	600	600	600	600	600	600
Storage capacity (million gallons)	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7	6.7
Wastewater										
Sanitary sewers	115	115	115	115	115	115	115	115	115	115
Treatment capacity (mil. gallons)	3	3	3	3	3	3	3	3	3	3
Golf Courses	2	2	2	2	2	2	2	2	2	2

Source: Various City Departments

**INTERNAL CONTROL
AND
COMPLIANCE REQUIREMENTS**

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

Independent Auditor's Report

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Pampa, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated March 9, 2020. Our report includes a reference to other auditors who audited the financial statements of the Pampa Economic Development Corporation, as described in our report on the City's financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control over Financial Reporting

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

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

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

Honorable Mayor Brad Pingel and the City Commission
City of Pampa, Texas
Page two

Compliance and Other Matters

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

Purpose of this Report

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

Brown, Graham & Company, P.C.

Amarillo, Texas
March 9, 2020

**CITY OF PAMPA
SCHEDULE OF FINDINGS AND RESPONSES
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

I. Summary of the Auditor's Results:

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

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

The audit disclosed no findings required to be reported.

**CITY OF PAMPA
SCHEDULE OF STATUS OF PRIOR FINDINGS
FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2019**

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