

PAMPA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019

Brown, Graham & Company, P.C.
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**PAMPA INDEPENDENT SCHOOL DISTRICT
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED JUNE 30, 2019**

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CERTIFICATE OF BOARD

PAMPA INDEPENDENT SCHOOL DISTRICT

Name of School District

GRAY

County

090-904

Co-Dist. Number

We, the undersigned, certify that the attached annual financial reports of the above-named school district were reviewed and (check one) X approved disapproved for the year ended June 30, 2019, at a meeting of the Board of Trustees of such school district on the 21st day of October, 2019.

ss:// Cathryne B. Warner

Signature of Board Secretary

ss:// Richard Qualls

Signature of Board President



BROWN, GRAHAM & COMPANY

PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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UNMODIFIED OPINIONS ON BASIC FINANCIAL STATEMENTS, WITH REQUIRED SUPPLEMENTARY INFORMATION, SUPPLEMENTARY INFORMATION INCLUDING SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS AND OTHER INFORMATION

Independent Auditor's Report

**Board of Trustees
Pampa Independent School District
Pampa, Texas**

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Pampa Independent School District (the "District") as of June 30, 2019, and for the year then ended, and the related notes to the financial statements, which collectively comprise the District's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

The District'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 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.

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Pampa Independent School District as of June 30, 2019, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

**Board of Trustees
Pampa Independent School District**

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 5 through 10, the budgetary comparison information on page 67, and the pension and OPEB schedules on pages 68 through 75 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 District's financial statements as a whole. The combining non-major fund financial statements are presented for purposes of additional analysis and are not a required part of the financial statements. The accompanying schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by the audit requirements of Title 2 United States Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"), and is not a required part of the basic financial statements. The required Texas Education Agency ("TEA") schedules listed in the table of contents are likewise presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. Such information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated October 21, 2019 on our consideration of the District's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Brown, Graham & Company, P.C.

Amarillo, Texas
October 21, 2019

MANAGEMENT'S DISCUSSION AND ANALYSIS

**MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE YEAR ENDED JUNE 30, 2019**

In this section of the Annual Financial Report, we, the administrators of Pampa Independent School District, discuss and analyze the District's financial performance for the fiscal year ended June 30, 2019. Please read it in conjunction with the independent auditor's report and the District's Financial Statements.

USING THIS ANNUAL REPORT

This annual report consists of a series of financial statements. The government-wide financial statements include the Statement of Net Position and the Statement of Activities (Exhibits A-1 & B-1). These provide information about the activities of the District as a whole and present a long-term view of the District's property and long-term obligations and other financial matters. They reflect the flow of total economic resources in a manner similar to the financial reports of a business enterprise.

Fund financial statements (Exhibits C-1 to E-2) report the District's operations in more detail than the government-wide statements by providing information about the District's most significant funds. For governmental activities, these statements tell how services were financed in the short term as well as what resources remain for future spending. They reflect the flow of current financial resources, and supply the basis for tax levies and the appropriations budget. The fiduciary statements provide financial information about activities for which the District acts solely as a trustee or agent for the benefit of those outside of the District.

The notes to the financial statements provide narrative explanations or additional data needed for full disclosure in the government-wide statements or the fund financial statements.

The combining statements for nonmajor funds contain even more information about the District's individual funds. These are not required by the Texas Education Agency (the "TEA"). The sections labeled TEA Required Schedules and Federal Awards Section contain data used by monitoring or regulatory agencies for assurance that the District is using funds supplied in compliance with the terms of grants.

Reporting the District as a Whole

The Statement of Net Position and the Statement of Activities

The primary analysis of the District's overall financial condition and operations begins at Exhibit A-1. The purpose is to show whether the District is better off or worse off as a result of the year's activities. The Statement of Net Position includes all the District's assets, deferred outflows of resources, liabilities and deferred inflows of resources as of June 30, 2019, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the fiscal year ended June 30, 2019. These financial statements are prepared using the accrual basis of accounting which is the basis used by private sector companies.

All of the current year's revenues and expenses are taken into account regardless of when cash is received or paid. The District's revenues are divided into those provided by outside parties who share the costs of some programs, such as tuition received from students from outside the District and grants provided by the U.S. Department of Education to assist children with disabilities or from disadvantaged backgrounds (program revenues), and revenues provided by the taxpayers or by the TEA in equalization funding processes (general revenues). All the District's assets are reported whether they serve the current or future years. Liabilities are considered regardless of whether they must be paid in the current or future years.

These two statements report the District's Net Position and changes in it. The District's Net Position (the difference between assets, deferred outflows of resources, liabilities, and deferred inflows of resources) provide one measure of the District's financial health, or financial position. Over time, increases or decreases in the District's Net Position are one indicator of whether its financial health is improving or deteriorating. To fully assess the overall health of the District, however, you should consider nonfinancial factors as well, such as changes in the District's average daily attendance or its property tax base and the condition of the District's facilities.

In the Statement of Net Position and the Statement of Activities, the District has one kind of activity:

- Governmental activities - The District's basic services are reported here, including instruction, counseling, extra-curricular activities, food services, transportation, maintenance, community services, and general administration. Property taxes, tuition, fees, and state and federal grants finance the majority of these activities.

Reporting the District's Most Significant Funds

Fund Financial Statements

The fund financial statements begin at Exhibit C-1 and provide detailed information about the most significant funds, not the District as a whole. Laws and contracts require the District to establish some funds, such as grants received under the Elementary & Secondary Education Act from the U.S. Department of Education. The District's administration establishes many other funds to help it control and manage money for particular purposes (like campus activities). The District's two kinds of funds, governmental and fiduciary, use different accounting approaches.

- Governmental funds - Most of the District's basic services are reported in governmental funds. These funds use modified accrual accounting (a method that measures the receipt and disbursement of cash and all other financial assets that can be readily converted to cash) and report balances that are available for future spending. The governmental fund statements provide a detailed short-term view of the District's general operations and the basic services it provides. We describe the differences between governmental activities (reported in the Statement of Net Position and the Statement of Activities) and governmental funds in reconciliation schedules following each of the fund financial statements.
- Fiduciary funds - The District uses fiduciary funds to account for the resources held for the benefit of parties outside the District. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the District's own programs. The fiduciary funds use the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period when they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The District as Trustee

Reporting the District's Fiduciary Responsibilities

The District is the trustee, or fiduciary, for money raised by student activities and several scholarship programs. All of the District's fiduciary activities are reported in separate Statements of Fiduciary Net Position and Changes in Fiduciary Net Position on Exhibit E-1 and E-2. We exclude these resources from the District's other financial statements because the District cannot use these assets to finance its operations. The District is only responsible for ensuring that these funds are used for their intended purposes.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Our analysis focuses on the Net Position (Table I) and Changes in Net Position (Table II) of the District's governmental activities. Net Position of the District's governmental activities increased from \$1,201,642 to \$2,626,678. The primary reason for the increase is a result of the current year's increase in the general fund. When adopting the 2018-2019 budget, the District's administration made cutbacks in various functional categories as a result of decreasing average daily attendance along with decreases in the District's tax base. The District had an excess of revenue over expenditures in the General Fund of \$3,344,067 for the year ended June 30, 2019 as a result of these cutbacks, which also contributed to the increase in net position on the government-wide financial statements.

Another factor that affected the District's net position includes a \$4,217,630 increase in the District's pension liability and a \$476,819 in the OPEB liability, which resulted from changes in estimates and assumptions affecting the calculation of these liabilities. Deferred outflows of resources increased by \$4,206,289 and deferred inflows of resources increased by \$218,899 from the prior year, which, is directly related to the pension and OPEB liability reporting required by GASB. Unrestricted net position – the portion of net position that can be used to finance day-to-day operations without constraints established by debt covenants, enabling legislation, or other legal requirements – was a deficit of \$16,427,685 as of June 30, 2019. The deficit in unrestricted net position was primarily the result of the impact of reporting the pension and OPEB liabilities required by GASB along with the related deferred outflows and inflows of resources.

TABLE I
NET POSITION

	Governmental Activities 2019	Governmental Activities 2018
Current and other assets	\$ 17,949,847	\$ 14,280,244
Capital assets	55,642,672	57,959,366
Total assets	73,592,519	72,239,610
Deferred outflows of resources	8,516,647	4,486,441
Other liabilities	5,224,776	5,054,038
Long-term liabilities	67,181,269	63,612,827
Total liabilities	72,406,045	68,666,865
Deferred inflows of resources	7,076,443	6,857,544
Net Position:		
Net investment in capital assets	14,382,487	15,749,257
Restricted	4,671,876	4,529,386
Unrestricted	(16,427,685)	(19,077,001)
Total net position	\$ 2,626,678	\$ 1,201,642

TABLE II
CHANGES IN NET POSITION

	Governmental Activities 2019	Governmental Activities 2018
Revenues:		
Program Revenues:		
Charges for services	\$ 895,575	\$ 978,960
Operating grants and contributions	8,260,609	(592,983)
General Revenues:		
Maintenance and operation taxes	11,378,137	11,261,767
Debt service taxes	2,792,602	2,845,465
State aid - formula grants	16,296,428	15,965,590
Investment earnings	110,949	85,537
Miscellaneous	386,865	363,888
Total revenues	<u>40,121,165</u>	<u>30,908,224</u>
Expenses:		
Instruction, curriculum and media services	20,903,903	12,786,306
Instructional and school leadership	2,466,432	1,660,041
Student support services	2,357,698	1,546,640
Food services	2,005,751	1,807,319
Extracurricular activities	1,388,315	1,230,906
General administration	1,670,727	1,187,220
Facilities maintenance, security and data processing	4,938,079	4,166,627
Community services	223,931	177,859
Debt service	1,380,464	1,384,497
Capital outlay	-	-
Payments to fiscal agent/member districts of SSA	1,044,009	595,456
Other intergovernmental charges	316,820	310,632
Total Expenses	<u>38,696,129</u>	<u>26,853,503</u>
Increase (decrease) in net position	<u>1,425,036</u>	<u>4,054,721</u>
Net position at beginning of year, as previously reported	1,201,642	19,053,215
Prior period adjustment (Implementation of GASB 75)	<u>-</u>	<u>(21,906,294)</u>
Net position at beginning of year, as restated		
Net position at end of year	<u><u>\$ 2,626,678</u></u>	<u><u>\$ 1,201,642</u></u>

The cost of all governmental activities this year was \$38,696,129 compared to \$26,853,503 last year. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$11,378,137 for maintenance and operation and \$2,792,692 for debt service payments. Some of the costs, \$895,575, were paid by those who directly benefited from the programs and state equalization funding financed \$16,296,428.

One significant impact GASB 75 had on the District's statement of activities that should be considered when analyzing this financial statement pertains to a certain component of the GASB 75 adjustments made by the District. Specifically, the District is required to report their proportionate share of

the state's share of the Districts' OPEB expense as an on-behalf revenue and expense which would normally increase revenues and expenses reported by the District; however, due to changes made by the Teacher Retirement System, the on-behalf amount recorded for the year ended June 30, 2018 by the District for the state's share of the OPEB expense was a negative amount in the amount of \$5,756,203 which actually decreased the amount of operating grants and contributions reported by the District as well as the related expense. For the year ended June 30, 2019, the amount recorded by the District for the state's share of the OPEB expense was a positive \$639,927, when compared with the \$5,756,203 negative amount recorded in the prior year caused a net increase of \$6,396,130 in the amount of operating grants and contributions reported.

The District reported total expenses of \$38,696,129 on the current year's statement of activities, which is an increase of \$11,842,626 from the \$26,853,503 reported in the previous year. The primary factor causing the increase was the current year's adjustment required by GASB 75 and the impact it had on the current year's expense. The net adjustments required by GASB 75 increased the District's expenses from those reported in the prior year, which includes the \$5,756,203 negative amount discussed in the preceding paragraph pertaining to recording the state's share of the OPEB expense.

THE DISTRICT'S FUNDS

As the District completed the year, its governmental funds (as presented in the balance sheet on Exhibit C-1) reported a combined fund balance of \$12,908,496, which is an increase of \$3,490,945 from last year's total fund balance of \$9,417,551. Most of the increase was attributable to the District making a concerted effort to control expenditures across essentially all functional categories compared to the prior year excluding necessary capital expenditures. The District's total revenues on the fund financial statements increased by \$1,886,250 from the prior year, with \$1,231,257 of the increase attributable to additional federal funding. Tax revenue remained stable with a slight increase of \$32,653 from the prior year. State funding formula revenue was higher than the prior year by \$330,838, which is impacted by such factors as property tax collections and student attendance.

The Board of Trustees revised the District's budget several times during the fiscal year. These amendments included adjustments among functions; to add to capital outlays made during the year; and to adjust local revenues. The amendments to the expenditures amounted to \$100,263, or 0.34% more than what was estimated in the originally adopted budget. This was primarily due to budget amendments made in the capital outlay category to allow for roof replacement at various District facilities during the year.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

At the end of 2019, the District had approximately \$55.6 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance, net of accumulated depreciation.

During the year ended June 30, 2019, the District added a total of \$1,434,180 to capital assets, with the largest addition in the amount of \$598,900 for football field turf. Other additions in the amount of \$835,280 were for land, vehicles, furniture and equipment, roof replacements and a gymnasium floor. The District reported \$3,272,017 in depreciation expense on the government-wide financial statements for the year. The District also sold two properties no longer in use.

Debt

At year-end, the District had \$38,255,000 in bonds outstanding versus \$39,610,000 last year – a decrease of \$1,355,000 or 3.42%. The District issued \$610,500 in tax maintenance notes during the year to fund the \$598,900 football field turf replacement. More information on the District's long-term debt can be found in Note II(G) in the notes to the financial statements, including a discussion of the issuance of refunding bonds in previous years in order to achieve debt service savings.

PENSION AND OPEB ACCOUNTING AND REPORTING

During a previous year the District implemented GASB Statement Numbers 68 and 71. These GASB statements significantly changed how governmental entities account for and report pension activity. Note II(L) in the notes to the financial statements has a detail discussion of how these GASB Statements impact the District's financial statements for the year ended June 30, 2019. The District also implemented GASB 75 during the year ended June 30, 2018 to record a liability for OPEB which resulted in a prior period adjustment to decrease net position by \$21,906,294 in the prior year. More information on the impact of this accounting standard on the District's financial statements is discussed in Note II(N).

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The District's elected and appointed officials considered many factors when setting the fiscal-year 2020 budget and tax rates. The 2020 budget was adopted in June 2019 for the fiscal year July 1, 2019 through June 30, 2020. A conservative approach to estimated revenue and expenses was taken by the Board of Trustees. The Board of Trustees adopted a tax rate of \$0.99 per \$100 valuation for maintenance and operation and \$.26503 per \$100 valuation for debt service.

Estimated available amounts for the General Fund Budget are \$28,867,885, a decrease of \$1,907,606 from the final 2019 actual revenues of \$30,324,471. Budgeted expenditures are expected to be \$28,867,885, which is an increase of \$1,043,383 from \$27,824,502 of actual expenditures in 2019. The District will use its revenue to finance programs we currently offer. Additional funding for any additional capital projects will come from our fund balance.

The District uses a hybrid model that includes Professional Learning Communities (PLC's) and online, on-demand professional development modules to ensure that staff are equipped to meet the needs of all students. Teams of teachers are organized horizontally, vertically, and in content/grade level groups as well as intervention teams to research best practice, brainstorm strategies, and reflect on student data. Educating hard to teach student populations is a growing focus in Pampa schools including students who are economically disadvantaged and those with disabilities.

CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT

This financial report is designed to provide our citizens, taxpayers, customers, investors and creditors with a general overview of the District's finances and to show the District's accountability for the money it receives. If you have questions about this report or need additional financial information, contact the District's business office, at Pampa Independent School District, 1233 N. Hobart, Pampa, Texas 79065.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

PAMPA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT A-1

Data	Primary Government
Control	Governmental
Codes	Activities
ASSETS	
1110 Cash and Cash Equivalents	\$ 10,986,030
1220 Property Taxes - Delinquent	1,008,806
1230 Allowance for Uncollectible Taxes	(605,284)
1240 Due from Other Governments	6,183,229
1290 Other Receivables, Net	93,402
1300 Inventories	112,813
1410 Prepayments	170,851
Capital Assets:	
1510 Land	274,190
1520 Buildings, Net	53,002,295
1530 Furniture and Equipment, Net	2,267,934
1580 Construction in Progress	98,253
1000 Total Assets	73,592,519
DEFERRED OUTFLOWS OF RESOURCES	
1701 Deferred Charge for Refunding	1,938,256
1705 Deferred Related to TRS Pension	5,526,865
1706 Deferred Related to TRS OPEB	1,051,526
1700 Total Deferred Outflows of Resources	8,516,647
LIABILITIES	
2110 Accounts Payable	448,109
2140 Interest Payable	586,947
2150 Payroll Deductions and Withholdings	193,287
2160 Accrued Wages Payable	2,893,337
2177 Due to Fiduciary Funds	36
2180 Due to Other Governments	960,209
2200 Accrued Expenses	32,308
2300 Unearned Revenue	110,543
Noncurrent Liabilities:	
2501 Due Within One Year	1,436,442
2502 Due in More Than One Year	41,761,999
2540 Net Pension Liability (District's Share)	11,026,762
2545 Net OPEB Liability (District's Share)	12,956,066
2000 Total Liabilities	72,406,045
DEFERRED INFLOWS OF RESOURCES	
2605 Deferred Inflow Related to TRS Pension	1,471,246
2606 Deferred Inflow Related to TRS OPEB	5,605,197
2600 Total Deferred Inflows of Resources	7,076,443
NET POSITION	
3200 Net Investment in Capital Assets	14,382,487
3820 Restricted for Federal and State Programs	340,517
3850 Restricted for Debt Service	3,642,175
3860 Restricted for Capital Projects	673,656
3890 Restricted for Other Purposes	15,528
3900 Unrestricted	(16,427,685)
3000 Total Net Position	\$ 2,626,678

The notes to the financial statements are an integral part of this statement.

PAMPA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6 Primary Gov. Governmental Activities
		3 Charges for Services	4 Operating Grants and Contributions	
	Expenses			Net (Expense) Revenue and Changes in Net Position
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
11 Instruction	\$ 19,039,053	\$ 53,045	\$ 3,272,015	\$ (15,713,993)
12 Instructional Resources and Media Services	235,284	1,943	15,523	(217,818)
13 Curriculum and Instructional Staff Development	1,629,566	389	617,959	(1,011,218)
21 Instructional Leadership	332,678	-	60,369	(272,309)
23 School Leadership	2,133,754	3,887	185,579	(1,944,288)
31 Guidance, Counseling and Evaluation Services	1,244,007	-	154,357	(1,089,650)
32 Social Work Services	86,753	-	7,536	(79,217)
33 Health Services	353,662	-	707,536	353,874
34 Student (Pupil) Transportation	673,276	-	288,377	(384,899)
35 Food Services	2,005,751	337,547	1,325,995	(342,209)
36 Extracurricular Activities	1,388,315	130,780	58,253	(1,199,282)
41 General Administration	1,670,727	1,555	192,355	(1,476,817)
51 Facilities Maintenance and Operations	3,499,179	366,429	228,431	(2,904,319)
52 Security and Monitoring Services	221,059	-	11,732	(209,327)
53 Data Processing Services	1,217,841	-	38,017	(1,179,824)
61 Community Services	223,931	-	52,566	(171,365)
72 Debt Service - Interest on Long-Term Debt	1,366,614	-	-	(1,366,614)
73 Debt Service - Bond Issuance Cost and Fees	13,850	-	-	(13,850)
93 Payments Related to Shared Services Arrangements	1,044,009	-	1,044,009	-
99 Other Intergovernmental Charges	316,820	-	-	(316,820)
[TP] TOTAL PRIMARY GOVERNMENT:	\$ 38,696,129	\$ 895,575	\$ 8,260,609	(29,539,945)
Data Control Codes	General Revenues:			
	Taxes:			
MT	Property Taxes, Levied for General Purposes			11,378,137
DT	Property Taxes, Levied for Debt Service			2,792,602
SF	State Aid - Formula Grants			16,296,428
IE	Investment Earnings			110,949
MI	Miscellaneous Local and Intermediate Revenue			386,865
TR	Total General Revenues			30,964,981
CN	Change in Net Position			1,425,036
NB	Net Position - Beginning			1,201,642
NE	Net Position--Ending			\$ 2,626,678

The notes to the financial statements are an integral part of this statement.

FUND FINANCIAL STATEMENTS

PAMPA INDEPENDENT SCHOOL DISTRICT
BALANCE SHEET
GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		10 General Fund	50 Debt Service Fund	60 Capital Projects
ASSETS				
1110	Cash and Cash Equivalents	\$ 6,375,351	\$ 4,610,307	\$ 372
1220	Property Taxes - Delinquent	805,301	203,505	-
1230	Allowance for Uncollectible Taxes	(483,181)	(122,103)	-
1240	Due from Other Governments	4,595,229	-	-
1260	Due from Other Funds	1,516,009	-	673,284
1290	Other Receivables	84,788	-	-
1300	Inventories	24,460	-	-
1410	Prepayments	170,851	-	-
1000	Total Assets	<u>\$ 13,088,808</u>	<u>\$ 4,691,709</u>	<u>\$ 673,656</u>
LIABILITIES				
2110	Accounts Payable	\$ 127,805	\$ -	\$ -
2150	Payroll Deductions and Withholdings Payable	193,287	-	-
2160	Accrued Wages Payable	2,597,001	-	-
2170	Due to Other Funds	1,294,228	371,825	-
2180	Due to Other Governments	869,447	90,762	-
2200	Accrued Expenditures	32,308	-	-
2300	Unearned Revenue	27,750	-	-
2000	Total Liabilities	<u>5,141,826</u>	<u>462,587</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
2601	Unavailable Revenue - Property Taxes	322,120	81,402	-
2600	Total Deferred Inflows of Resources	<u>322,120</u>	<u>81,402</u>	<u>-</u>
FUND BALANCES				
Nonspendable Fund Balance:				
3410	Inventories	24,460	-	-
3430	Prepaid Items	170,851	-	-
Restricted Fund Balance:				
3450	Federal or State Funds Grant Restriction	-	-	-
3470	Capital Acquisition and Contractual Obligation	-	-	673,656
3480	Retirement of Long-Term Debt	-	4,147,720	-
3490	Other Restricted Fund Balance	-	-	-
Committed Fund Balance:				
3545	Other Committed Fund Balance	-	-	-
3600	Unassigned Fund Balance	7,429,551	-	-
3000	Total Fund Balances	<u>7,624,862</u>	<u>4,147,720</u>	<u>673,656</u>
4000	Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 13,088,808</u>	<u>\$ 4,691,709</u>	<u>\$ 673,656</u>

The notes to the financial statements are an integral part of this statement.

Other Funds	Total Governmental Funds
\$ -	\$ 10,986,030
-	1,008,806
-	(605,284)
1,588,000	6,183,229
620,907	2,810,200
8,614	93,402
88,353	112,813
-	170,851
<u>\$ 2,305,874</u>	<u>\$ 20,760,047</u>
\$ 320,304	\$ 448,109
-	193,287
296,336	2,893,337
1,144,183	2,810,236
-	960,209
-	32,308
82,793	110,543
<u>1,843,616</u>	<u>7,448,029</u>
-	403,522
<u>-</u>	<u>403,522</u>
88,353	112,813
-	170,851
252,164	252,164
-	673,656
-	4,147,720
15,528	15,528
106,213	106,213
-	7,429,551
<u>462,258</u>	<u>12,908,496</u>
<u>\$ 2,305,874</u>	<u>\$ 20,760,047</u>

PAMPA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 12,908,496
1 Capital assets used in 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 \$95,462,033 and the accumulated depreciation was \$37,502,667. In addition, long-term liabilities, including bonds payable in the amount of \$39,610,000, accrued interest in the amount of \$586,159, unamortized premiums on bond issuances in the amount of \$4,714,448, and unamortized deferred charges on bond refundings in the amount of \$2,114,339, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. 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.	15,163,098
2 Current year capital outlays in the amount of \$1,434,180 and long-term debt principal payments in the amount of \$1,355,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of including the 2019 capital outlays and debt principal payments is to increase net position.	2,789,180
3 The 2019 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(3,272,017)
4 Included in the items related to debt is the recognition of the District's proportionate share of the net pension liability required by GASB 68. At the beginning of the year, the net position related to TRS pension was a deferred resource outflow in the amount of \$2,220,245, a deferred resource inflow in the amount of \$1,637,451 and a net pension liability in the amount of \$6,809,132. The impact of this on net position is a decrease of \$6,226,338. Changes from the current year reporting of the TRS pension plan resulted in a decrease in net position in the amount of \$744,805. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$6,971,143.	(6,971,143)
5 Included in the items related to debt is the recognition of the District's proportionate share of the net OPEB liability required by GASB 75. At the beginning of the year, the net position related to TRS OPEB was a deferred resource outflow in the amount of \$151,857, a deferred resource inflow in the amount of \$5,220,093 and a net OPEB liability in the amount of \$12,479,247. The impact of this on net position is a decrease of \$17,547,483. Changes from the current year reporting of the TRS OPEB plan resulted in a increase in net position in the amount of \$37,746. The combination of the beginning of the year amounts and the changes during the year resulted in a difference between the ending fund balance and the ending net position in the amount of \$17,509,737.	(17,509,737)
6 During the year ended June 30, 2019, the District issued tax maintenance notes in the amount of \$610,500. Proceeds from the notes were shown as other sources on the fund financial statements, but are shown as notes payable on the government-wide financial statements, which decreases net position.	(610,500)

The notes to the financial statements are an integral part of this statement.

PAMPA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
JUNE 30, 2019

EXHIBIT C-2

7 Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue in the amount of \$403,522, recognizing the liabilities associated with maturing long-term debt and interest in the amount of \$204,636, and removing the basis of capital assets disposed of or no longer in service in the amount of (\$478,857). The net effect of these reclassifications and recognitions is to increase net position.	129,301
19 Net Position of Governmental Activities	<u><u>\$ 2,626,678</u></u>

The notes to the financial statements are an integral part of this statement.

PAMPA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
REVENUES:			
5700 Total Local and Intermediate Sources	\$ 12,286,774	\$ 2,911,660	\$ -
5800 State Program Revenues	17,345,686	228,377	-
5900 Federal Program Revenues	692,011	-	-
5020 Total Revenues	30,324,471	3,140,037	-
EXPENDITURES:			
Current:			
0011 Instruction	14,467,762	-	-
0012 Instructional Resources and Media Services	202,824	-	-
0013 Curriculum and Instructional Staff Development	828,078	-	-
0021 Instructional Leadership	250,052	-	-
0023 School Leadership	1,825,872	-	-
0031 Guidance, Counseling and Evaluation Services	1,021,674	-	-
0032 Social Work Services	74,341	-	-
0033 Health Services	213,023	-	-
0034 Student (Pupil) Transportation	645,248	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,187,936	-	-
0041 General Administration	1,364,318	-	-
0051 Facilities Maintenance and Operations	2,951,991	-	-
0052 Security and Monitoring Services	193,352	-	-
0053 Data Processing Services	1,092,470	-	-
0061 Community Services	155,305	-	-
Debt Service:			
0071 Principal on Long-Term Debt	-	1,355,000	-
0072 Interest on Long-Term Debt	-	1,571,250	-
0073 Bond Issuance Cost and Fees	11,600	2,250	-
Capital Outlay:			
0081 Facilities Acquisition and Construction	1,021,836	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	316,820	-	-
6030 Total Expenditures	27,824,502	2,928,500	-
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	2,499,969	211,537	-
OTHER FINANCING SOURCES (USES):			
7912 Sale of Real and Personal Property	334,510	-	-
7914 Non-Current Loans	610,500	-	-
8949 Other (Uses)	(100,912)	-	-
7080 Total Other Financing Sources (Uses)	844,098	-	-
1200 Net Change in Fund Balances	3,344,067	211,537	-
0100 Fund Balance - July 1 (Beginning)	4,280,795	3,936,183	673,656
3000 Fund Balance - June 30 (Ending)	\$ 7,624,862	\$ 4,147,720	\$ 673,656

The notes to the financial statements are an integral part of this statement.

		Total	
Other		Governmental	
Funds		Funds	
\$	425,752	\$	15,624,186
	601,444		18,175,507
	4,589,056		5,281,067
	5,616,252		39,080,760
	1,792,096		16,259,858
	3,649		206,473
	550,252		1,378,330
	38,035		288,087
	6,185		1,832,057
	42,635		1,064,309
	-		74,341
	84,884		297,907
	243,982		889,230
	1,733,217		1,733,217
	28,553		1,216,489
	5,465		1,369,783
	71,014		3,023,005
	-		193,352
	-		1,092,470
	36,935		192,240
	-		1,355,000
	-		1,571,250
	-		13,850
	-		1,021,836
	1,044,009		1,044,009
	-		316,820
	5,680,911		36,433,913
	(64,659)		2,646,847
	-		334,510
	-		610,500
	-		(100,912)
	-		844,098
	(64,659)		3,490,945
	526,917		9,417,551
\$	462,258	\$	12,908,496

PAMPA INDEPENDENT SCHOOL DISTRICT
RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED JUNE 30, 2019

EXHIBIT C-4

Total Net Change in Fund Balances - Governmental Funds	\$ 3,490,945
Current year capital outlays in the amount of \$1,434,180 and long-term debt principal payments in the amount of \$1,355,000 are expenditures in the fund financial statements, but they should be shown as increases in capital assets and reductions in long-term debt in the government-wide financial statements. The net effect of removing the 2019 capital outlays and debt principal payments is to increase net position.	2,789,180
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease net position.	(3,272,017)
Pension expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, pension expense is reported on the accrual basis of accounting in accordance with GASB 68 as amended. Differences occur as the result of timing of when pension contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect on reporting pension expense in accordance with GASB 68 as amended is to decrease the change in net position.	(744,805)
Other post-employment benefit expenditures on the fund financial statements are recognized on the modified accrual basis of accounting; however, on the government-wide financial statements, other post-employment benefit expense is reported on the accrual basis of accounting in accordance with GASB 75. Differences occur as the result of timing of when other post-employment benefit contributions are made verses when they are recognized, as well as the result of changes in assumptions, differences between projected and actual earnings, differences between expected and actual actuarial experience, etc. The net effect on reporting other post-employment benefit expense in accordance with GASB 75 is to increase the change in net position.	37,746
During the year ended June 30, 2019, the District issued tax maintenance notes in the amount of \$610,500. Proceeds from the notes were shown as other sources on the fund financial statements, but are shown as notes payable on the government-wide financial statements, which decreases net position.	(610,500)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing unavailable revenue from property taxes as revenue and adjusting current year revenue to show the revenue earned from the current year's tax levy in the amount of \$8,708, recognizing the liabilities associated with maturing long-term debt and interest in the amount of \$204,636, and removing the basis of capital assets disposed of or no longer in service in the amount of (\$478,857). The net effect of these reclassifications and recognitions is to decrease net position.	(265,513)
Change in Net Position of Governmental Activities	\$ 1,425,036

The notes to the financial statements are an integral part of this statement.

PAMPA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
JUNE 30, 2019

	Private Purpose Trust Funds	Agency Fund
ASSETS		
Cash and Cash Equivalents	\$ 33,801	\$ 116,680
Due from Other Funds	36	-
Total Assets	<u>33,837</u>	<u>\$ 116,680</u>
LIABILITIES		
Due to Student Groups	-	\$ 116,680
Total Liabilities	<u>-</u>	<u>\$ 116,680</u>
NET POSITION		
Restricted for Scholarships	<u>33,837</u>	
Total Net Position	<u>\$ 33,837</u>	

The notes to the financial statements are an integral part of this statement.

PAMPA INDEPENDENT SCHOOL DISTRICT
STATEMENT OF CHANGES IN FIDUCIARY FUND NET POSITION
FIDUCIARY FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

	Private Purpose Trust Funds
ADDITIONS:	
Local and Intermediate Sources	\$ 5,293
Total Additions	<u>5,293</u>
DEDUCTIONS:	
Supplies and Materials	80
Other Operating Costs	1,190
Total Deductions	<u>1,270</u>
Change in Net Position	4,023
 Total Net Position - July 1 (Beginning)	 <u>29,814</u>
 Total Net Position - June 30 (Ending)	 <u><u>\$ 33,837</u></u>

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies:

Pampa Independent School District (the "District") is a public educational agency operating under the applicable laws and regulations of the State of Texas. It is governed by a seven-member Board of Trustees (the "Board") elected by registered voters of the District. The District prepares its basic financial statements in conformity with accounting principles generally accepted in the United States of America promulgated by the Governmental Accounting Standards Board ("GASB") and other authoritative sources identified in *Codification of Statement on Auditing Standards* of the American Institute of Certified Public Accountants; and it complies with the requirements of the appropriate version of Texas Education Agency's ("TEA") *Financial Accountability System Resource Guide* (the "Resource Guide") and the requirements of contracts and grants of agencies from which it receives funds.

A. Reporting Entity

Because the Board is elected by the public; has the authority to make decisions, appoint administrators and managers, and significantly influence operations; and has the primary accountability for fiscal matters; the District is not included in any other governmental "reporting entity" as defined by the GASB in its *Codification of Governmental Accounting and Financial Reporting Standards*. There are no component units included within the reporting entity.

The District receives funding from local, state, and federal government sources and complies with the requirements of these funding source entities.

B. Government-Wide and Fund Financial Statements

The Statement of Net Position and the Statement of Activities are government-wide financial statements. They report information on all of the District's non-fiduciary activities with the applicable interfund activities removed. Governmental activities include programs supported primarily by taxes, State foundation funds, grants and other intergovernmental revenues.

The Statement of Activities demonstrates how other people or entities that participate in programs the District operates have shared in the payment of the direct costs. The "charges for services" column includes payments made by parties that purchase, use, or directly benefit from goods or services provided by a given function or segment of the District. Examples include tuition paid by students not residing in the District, school lunch charges, etc. The "grants and contributions" column includes amounts paid by organizations outside the District to help meet the operational or capital requirements of a given function. Examples include grants under the Elementary and Secondary Education Act. If a revenue is not a program revenue, it is a general revenue used to support all of the District's functions. Taxes are always general revenues.

Interfund activities between governmental funds appear as due to/due from on the Governmental Fund Balance Sheet and as other resources and other uses on the Governmental Funds Statement of Revenues, Expenditures and Changes in Fund Balance. All interfund transactions between governmental funds are eliminated on the government-wide statements. Interfund activities between governmental funds and fiduciary funds remain as due to/due from on the government-wide Statement of Net Position.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

B. Government-Wide and Fund Financial Statements (continued)

The fund financial statements provide reports on the financial condition and results of operations for two fund categories - governmental and fiduciary. Since the resources in the fiduciary funds cannot be used for District operations, they are not included in the government-wide statements. The District considers some governmental funds major and reports their financial condition and results of operations in a separate column.

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

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

Governmental fund financial statements use the current financial resources measurement focus and the modified accrual basis of accounting. With this measurement focus, only current assets, deferred outflows of resources, current liabilities, deferred inflows of resources and fund balances are included on the balance sheet. Operating statements of these funds present net increases and decreases in current assets and current liabilities (i.e., revenues and other financing sources and expenditures and other financing uses). The modified accrual basis of accounting recognizes revenues in the accounting period in which they become both measurable and available, and it recognizes expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest and principal on long-term debt, which is recognized when due. The expenditures related to claims and judgments are recognized when the obligations are expected to be liquidated with expendable available financial resources. The District considers all revenues available if they are collected within 60 days after year end except for state funding formula grants which are recognized based upon funding formulas approved by the Texas Legislature and the TEA.

Revenues from local sources consist primarily of property taxes. Property tax revenues and revenues received from the State are recognized under the susceptible-to-accrual concept. Miscellaneous revenues are recorded as revenue when received in cash because they are generally not measurable until actually received. Investment earnings are recorded as earned, since they are both measurable and available.

Grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. Accordingly, when such funds are received, they are recorded as unearned revenues until related and authorized expenditures have been made. If balances have not been expended by the end of the project period, grantors sometimes require the District to refund all or part of the unused amount.

The Fiduciary Funds are accounted for on a flow of economic resources measurement focus and utilize the accrual basis of accounting. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

D. Fund Accounting

The District reports the following major governmental funds:

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

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

The Capital Projects Fund – The District uses the capital projects fund to account for various renovation and construction projects that are being financed from the issuance of bonds.

Additionally, the District reports the following fund types:

Governmental Funds:

Special Revenue Funds - The District accounts for resources restricted to, or designated for, specific purposes by a grantor in a special revenue fund. Most Federal and some State financial assistance are accounted for in Special Revenue Funds, and sometimes unused balances must be returned to the grantor at the close of specified project periods.

Fiduciary Funds:

Agency Funds - The District accounts for resources held for others in a custodial capacity in Agency Funds. The District's Agency Fund is the Student Activity Fund. Financial resources for the Agency Funds are recorded as assets and liabilities; therefore, these funds do not include revenues and expenditures and have no fund equity. The student activity organizations exist with the explicit approval of, and are subject to revocation by, the District's Board of Trustees.

Private Purpose Trust Funds - The District accounts for donations for which the donor has stipulated that the principal be expended for a specific purpose in Private Purpose Trust Funds. The District's Private Purpose Trust Funds are all Scholarship Funds.

E. Budgetary Data

The Board of Trustees adopts an "appropriated budget" for the General Fund, the Child Nutrition Program (which is included in the Special Revenue Funds) and the Debt Service Fund. At a minimum, the District is required to present the adopted and final amended budgeted revenues and expenditures compared to actual revenues and expenditures for these three funds. These comparisons are on Exhibits G-1, J-2 and J-3, respectively.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

E. Budgetary Data (continued)

The following procedures are followed in establishing the budgetary data reflected in the basic financial statements:

1. Prior to June 20 the District prepares a budget for the next succeeding fiscal year beginning July 1. The operating budget includes proposed expenditures and the means of financing them.
2. A meeting of the Board is then called for the purpose of adopting the proposed budget. At least ten days' public notice of the meeting must be given.
3. Prior to July 1, the budget is legally enacted through passage of a resolution by the Board. Once a budget is approved, it can only be amended at the function and fund level by approval of a majority of the members of the Board. Amendments are presented to the Board at its regular meetings. Each amendment must have Board approval. As required by law, such amendments are made before the fact, are reflected in the official minutes of the Board, and are not made after fiscal year-end. Because the District has a policy of careful budgetary control, several amendments were necessary during the year.
4. Encumbrances for goods or purchased services are documented by purchase orders or contracts. Under Texas law, appropriations lapse at June 30, and encumbrances outstanding at that time are to be either canceled or appropriately provided for in the subsequent year's budget. End-of-year outstanding encumbrances were all cancelled.
5. Each budget is controlled by the budget coordinator at the revenue and expenditure function/object level. Budgeted amounts are as amended by the Board. All budget appropriations lapse at year-end.

F. Other Accounting Policies

1. The Data Control Codes refer to the account code structure prescribed by TEA's Resource Guide. The TEA requires school districts to display these codes in the financial statements filed with the TEA in order to insure accuracy in building a State-wide data base for policy development and funding plans.
2. The District records purchases of supplies as expenditures. If a material amount of supplies is on hand at the end of the year, their total cost is recorded as inventory and the fund balance is reported as nonspendable for the same amount. At June 30, 2019, the amount of supplies on hand is \$112,813.
3. The preparation of basic financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.
4. The District is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During fiscal year 2019, the District purchased commercial insurance to cover general liabilities. There were no significant reductions in coverage in the past fiscal year, and there were no settlements exceeding insurance coverage for each of the past three fiscal years.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

5. Employees of the District are entitled to paid vacation and paid sick days depending on job classification, length of service and other factors. It is impractical to estimate the amount of compensation for future absences, and, accordingly, no liability has been recorded in the accompanying financial statements. The District's policy is to recognize the costs of compensated absences when actually paid to employees.
6. Capital assets, which include land, buildings and improvements and furniture and equipment are reported in the governmental activities columns in the government-wide financial statements. Capital assets are defined by the District 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 or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Outlays for construction projects and improvements are capitalized and depreciated as projects are completed.

Capital assets of the District are depreciated using the straight line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and improvements	10-30
Furniture and equipment	5-30

7. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied. Unearned revenue on the fund financial statements pertains to unused grant funds and food commodity inventory as of June 30, 2019.
8. In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities 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 bond premium or discount. Bond issuance costs are reported as an expense in the year incurred.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. Premiums received on debt issuances 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.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

9. On the government-wide financial statements, the District's net investment in capital assets and restricted net position are as follows:

Net investment in capital assets:

Land	\$ 274,190
Buildings, net	53,002,295
Furniture and equipment, net	2,267,934
Construction in progress	98,253
Deferred charge on bond refunding	1,938,256
Bonds and notes payable	(38,865,500)
Unamortized premium on bond issuance	(4,332,941)
Net investment in capital assets	<u>\$ 14,382,487</u>

Restricted for Federal and State Programs:

Due from other governments	\$ 17,610
Due from other funds	409,356
Inventory	88,353
Accounts payable	(1,773)
Accrued expenses	(90,236)
Unearned revenue	(82,793)
Net position restricted for federal and state programs	<u>\$ 340,517</u>

Restricted for Debt Service:

Cash and cash equivalents	\$ 4,610,307
Property taxes receivable, net	81,402
Due to other funds	(371,825)
Due to other governments	(90,762)
Accrued interest payable	(586,947)
Net position restricted for debt service	<u>\$ 3,642,175</u>

Restricted for Capital Projects:

Cash and cash equivalents	\$ 372
Due from other funds	673,284
Net position restricted for capital projects	<u>\$ 673,656</u>

Restricted for Other Purposes

Due from other funds	\$ 15,528
Net position restricted for other purposes	<u>\$ 15,528</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

10. In addition to assets, the statement of net position includes 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(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The District reported \$5,526,865 of deferred outflows pertaining to its pension plan as discussed in more detail in Note II(L) , \$1,938,256 in deferred charges for the bond refunding discussed in Note II(G) and \$1,051,526 of deferred outflows pertaining to its participation in the TRS OPEB plan as discussed in more detail in Note II(N) for the year ended June 30, 2019.

In addition to liabilities, the statement of net position includes 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(s) which will not be recognized as an inflow of resources (revenue) until that time. The District reported \$1,471,246 of deferred inflows pertaining to its pension plan as discussed in more detail in Note II(L) and \$5,605,197 in deferred inflows of resources pertaining to its participation in the TRS OPEB plan as discussed in more detail in Note II(N) below. In addition, the District has only one type of item, which arises under the modified accrual basis of accounting that qualifies for reporting as a deferred inflow of resources. Accordingly, the item, unavailable revenue from property taxes in the amount of \$403,522, is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Net position represents the difference between assets and deferred outflows of resources, and liabilities and deferred inflows of resources. Net investment in capital assets consists of cost of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvement of those assets. This net investment in capital assets amount also is adjusted by any bond issuance deferral amounts. Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the District or through external restrictions imposed by creditors, grantors or laws or regulations of other governments. All other net position is reported as unrestricted. The District applies restricted resources first when an expense is incurred for purposes for which both restricted and unrestricted net position is available.
12. The District participates in numerous state and federal grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the District has not complied with the rules and regulations governing the grants, if any, refunds of any money received may be required and the collectability of any related receivable at June 30, 2019, may be impaired. In the opinion of the District, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

I. Summary of Significant Accounting Policies (continued):

F. Other Accounting Policies (continued)

13. The fiduciary net position of the Teacher Retirement System of Texas (TRS) has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, pension expense, and information about assets, liabilities and additions to/deductions from TRS's fiduciary net position. Benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.
14. The fiduciary net position of the Texas Public School Retired Employees Group Insurance Program (TRS) Care Plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the net other post-employment benefit (OPEB) liability, deferred outflows of resources and deferred inflows of resources related to other post-employment benefits, OPEB expense and information about assets, liabilities and additions to/deductions from TRS Care's fiduciary net position. 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.

II. Detailed Notes on All Funds and Account Groups:

A. Deposits and Investments (continued)

Legal and Contractual Provisions Governing Deposits and Investments

The **Public Funds Investment Act** (Government Code Chapter 2256) (the "Act") contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. Among other things, it requires the District 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 District 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) banker's acceptances, (7) mutual funds, (8) investment pools, (9) guaranteed investment contracts, (10) and common trust funds. The Act also requires the District to have independent auditors perform test procedures related to investment practices as provided by the Act. The District is in substantial compliance with the requirements of the Act and with local policies.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

A. Deposits and Investments(continued)

Policies Governing Deposits and Investments

In compliance with the **Public Funds Investment Act**, the District has adopted a deposit policy. That policy addresses the following risks:

- a. **Custodial Credit Risk - Deposits:** In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. The District is not exposed to custodial credit risk for its deposits as all are covered by depository insurance and pledged securities.
- b. **Interest-rate Risk - Interest rate risk** arises from investments in debt instruments and is defined as "the risk that changes in interest rates will adversely affect the fair value of an investment." The District has a policy of investing in investment pools and certificates of deposit and consequently has no substantial interest-rate risk.
- c. **Custodial Credit Risk - Investments:** For an investment, this is the risk that, in the event of the failure of the counterparty, the government will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The District's investments include interest bearing accounts that are covered by depository insurance and pledged securities. Investments in TexPool, TexSTAR, and Lone Star investment pools are on demand investments, all with AAA credit quality ratings. Investments are carried at cost, which approximates market. The District's investments are included in cash and cash equivalents on the financial statements.

The District maintains a portion of its cash deposits in TexPool, TexSTAR and Lone Star which are public investment pools. These funds seek to provide safety of principal, daily liquidity, and the highest possible rate of return. The funds seek to maintain a net asset value ranging from fifty cents to one dollar, with their dollar-weighted average maturity dates with a range of 60 to 120 days or fewer. Because of the District's ability to withdrawal cash from these funds immediately at net asset values, the Districts considers funds held by these investment pools to be categorized as cash and cash equivalents on the governmental funds balance sheet and the statement of net position. As of June 30, 2019, the District's investments consisted of the following:

<u>Type</u>	<u>Standard & Poor's Rating</u>	<u>Carrying Amount</u>
Fund Financial Statements:		
TexPool	AAAm	\$ 871,680
TexSTAR	AAAm	10,264
Lone Star	AAA	2,216
		<u>\$ 884,160</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

B. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property located in the District in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. Property tax revenues are considered available (1) when they become due or past due and receivable within the current period and (2) when they are expected to be collected during a 60-day period after the close of the school fiscal year.

C. Delinquent Taxes Receivable

Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes receivable within the General and Debt Service Funds are based on historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the District is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

D. Interfund Balances and Transfers

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

For the year ended June 30, 2019, the District did not have any transfers between funds.

Interfund balances on the fund financial statements as of June 30, 2019 were as follows:

Due to General Fund from:

Nonmajor Governmental Funds	\$ 1,144,183
Debt Service Fund	371,825
Rounding difference	<u>1</u>
Total	<u><u>\$ 1,516,009</u></u>

Due to Capital Projects Fund from:

General Fund	<u><u>\$ 673,284</u></u>
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Due to Nonmajor Governmental Funds from:

General Fund	<u><u>\$ 620,907</u></u>
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Due to Trust and Agency Funds from:

General Fund	<u><u>\$ 36</u></u>
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**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

E. Disaggregation of Receivables and Payables

Receivables in the fund financial statements as of June 30, 2019, were as follows:

	<u>Property Taxes</u>	<u>Due from Other Governments</u>	<u>Due From Other Funds</u>	<u>Other</u>	<u>Total Receivables</u>
Governmental Activities:					
General Fund	\$ 805,301	\$ 4,595,229	\$ 1,516,009	\$ 84,788	\$ 7,001,327
Debt Service Fund	203,505	-	-	-	203,505
Capital Projects	-	-	673,284	-	673,284
Non-major Governmental Funds	<u>-</u>	<u>1,588,000</u>	<u>620,907</u>	<u>8,614</u>	<u>2,217,521</u>
Total - Governmental Activities	<u>\$ 1,008,806</u>	<u>\$ 6,183,229</u>	<u>\$ 2,810,200</u>	<u>\$ 93,402</u>	<u>\$ 10,095,637</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 605,284</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 605,284</u>

The District participates in a variety of federal and state programs from which it receives grants to partially or fully finance certain activities. In addition, the District receives grants from the state through the School Foundation and Per Capita Programs. Amounts due from federal and state governments for the year ended June 30, 2019, are summarized below:

	<u>State Funding</u>	<u>State Grants</u>	<u>Federal Grants</u>	<u>Total</u>
Governmental Activities:				
General Fund	\$ 4,595,229	\$ -	\$ -	\$ 4,595,229
Non-major Governmental Funds	<u>-</u>	<u>516,991</u>	<u>1,071,009</u>	<u>1,588,000</u>
	<u>\$ 4,595,229</u>	<u>\$ 516,991</u>	<u>\$ 1,071,009</u>	<u>\$ 6,183,229</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

E. Disaggregation of Receivables and Payables (continued)

Payables in the fund financial statements at June 30, 2019, were as follows:

	Accounts Payable and Accrued Expenses	Salaries and Benefits	Due to Other Funds	Due To Other Governments	Total Payables
Governmental Activities:					
General Fund	\$ 160,113	\$ 2,790,288	\$ 1,294,228	\$ 869,447	\$ 5,114,076
Debt Service Fund	-	-	371,825	90,762	462,587
Non-major Governmental Funds	<u>320,304</u>	<u>296,336</u>	<u>1,144,183</u>	<u>-</u>	<u>1,760,823</u>
Total - Governmental Activities	<u>\$ 480,417</u>	<u>\$ 3,086,624</u>	<u>\$ 2,810,236</u>	<u>\$ 960,209</u>	<u>\$ 7,337,486</u>

F. Capital Asset Activity

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

	Balance 07/01/18	Additions	Adjustments & Retirements	Balance 06/30/19
Governmental activities				
Capital assets, not being depreciated				
Land	\$ 544,726	\$ 12,427	\$ (282,963)	\$ 274,190
Construction in Progress	<u>-</u>	<u>98,253</u>	<u>-</u>	<u>98,253</u>
Total capital assets not being depreciated	<u>544,726</u>	<u>110,680</u>	<u>(282,963)</u>	<u>372,443</u>
Capital assets, being depreciated				
Buildings and improvements	89,243,908	911,156	(6,169,920)	83,985,144
Furniture and equipment	<u>5,673,399</u>	<u>412,344</u>	<u>(90,184)</u>	<u>5,995,559</u>
Total capital assets being depreciated	<u>94,917,307</u>	<u>1,323,500</u>	<u>(6,260,104)</u>	<u>89,980,703</u>
Less accumulated depreciation for:				
Buildings and improvements	34,152,249	2,822,538	(5,991,938)	30,982,849
Furniture and equipment	<u>3,350,418</u>	<u>449,479</u>	<u>(72,272)</u>	<u>3,727,625</u>
Total accumulated depreciation	<u>37,502,667</u>	<u>3,272,017</u>	<u>(6,064,210)</u>	<u>34,710,474</u>
Total capital assets, being depreciated, net	<u>57,414,640</u>	<u>(1,948,517)</u>	<u>(195,894)</u>	<u>55,270,229</u>
Governmental activities capital assets, net	<u>\$ 57,959,366</u>	<u>\$ (1,837,837)</u>	<u>\$ (478,857)</u>	<u>\$ 55,642,672</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

F. Capital Asset Activity (continued)

Depreciation expense was charged to governmental functions as follows:

Instruction	\$ 1,710,079
Instructional Resources and Media Services	21,715
Curriculum and Instruction Staff Development	144,962
Instructional Leadership	30,299
School Leadership	192,681
Guidance, Counseling and Evaluation Services	111,935
Social Work Services	7,819
Health Services	31,331
Student (Pupil) Transportation	93,522
Food Services	182,286
Co-curricular/Extracurricular Activities	127,940
General Administration	144,063
Plant Maintenance and Operations	317,935
Security and Monitoring Services	20,335
Data Processing Services	114,897
Community Services	<u>20,218</u>
Total Depreciation Expense	<u><u>\$ 3,272,017</u></u>

G. Bonds and Notes Payable

Bond indebtedness and notes payable of the District are reflected in the government-wide Statement of Net Position, and current requirements for principal and interest expenditures are accounted for in the Debt Service Fund. In a previous year, the District issued \$46,730,000 of Unlimited Tax School Building Bonds, Series 2007 (the "2007 Bonds"). Proceeds from the sale of the bonds were used to (1) construct, renovate, and equip school buildings and to purchase school sites, (2) to pay capitalized interest on the Bonds, and (3) to pay the costs associated with the sale of the bonds. The bonds are direct and voted obligations of the District, payable from an annual ad valorem tax levied on all taxable property within the District. Interest on the bonds is payable semi-annually on February 15th and August 15th of each year, and range at rates from 4% to 5%. The first principal payment on the bonds was due August 15, 2008. The bonds final maturity date is August 15, 2037. The bonds were issued at a premium of \$921,783. The premium of \$921,783, net of the underwriter's discount of \$477,884 was being amortized over the life of the bonds using the effective interest rate method, and the balance was fully amortized in the prior year. The issuance costs on the bonds were \$165,000. The District had been amortizing these over the life of the bonds using the effective interest rate method. During a previous year, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65"). The District removed the remaining unamortized balance of bond issuance costs of \$126,409 as a reduction in the beginning of year net position during the year ended June 30, 2013. The District refunded \$39,915,000 of the 2007 Bonds in a previous year as discussed below. The 2007 Bonds were paid off during the previous fiscal year.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

G. Bonds and Notes Payable (continued)

On July 9, 2014, the District issued \$3,820,000 of Unlimited Tax Refunding Bonds, Series 2014 (the “2014 Bonds”) to advance refund \$3,950,000 of Unlimited Tax Refunding Bonds, Series 2005 Bonds (the “2005 Bonds”) in order to achieve debt service savings. The 2005 Series Bond maturities that were refunded were the 2015 through 2022 maturities, with interest rates ranging from 4.00% to 4.375%. The net proceeds from the issuance of the 2014 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the 2005 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the 2005 Bonds redeemed have been removed from the District’s government-wide financial statements. The amount of defeased bonds outstanding were redeemed on August 15, 2015. The 2014 Bonds were issued as serial bonds maturing on August 15 in the years 2015 through 2022. The 2014 bonds bear interest at rates from 2.00% to 3.00%. The 2014 Bonds were issued at a premium of \$198,332, net of an underwriter’s discount of \$26,588. This net premium of \$171,744 is being amortized over the life of the Series 2014 bonds using the effective interest method. Current year amortization of the net premium was \$21,966. The balance of the 2014 bonds as of June 30, 2019 was \$2,020,000.

The District follows the reporting guidance of GASB 65, for the reporting of the Series 2014 Bonds. Under GASB 65, since the Series 2014 Bonds are considered to be an in-substance defeasance of the Series 2005 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District’s case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2005 bonds using the effective interest method. The reacquisition price of the Series 2005 Bonds was \$4,032,930 and the net carrying value was \$3,950,000, which resulted in a deferred outflow of resources of \$82,930. The current year’s amortization of the deferred outflow of resources was \$10,607.

The old net cash flow requirements of the District for bonds affected by the 2014 Bonds prior to issuance of the 2014 Bonds were \$5,124,399 from 2015 to 2023 and the net new cash flow requirements were \$4,695,441 after issuance of the 2014 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 \$394,999.

On September 30, 2015, the District issued \$8,645,000 of Unlimited Tax Refunding Bonds, Series 2015 (the “2015 Bonds”) to advance refund \$9,025,000 of the 2007 Bonds in order to achieve debt service savings. The 2007 Series Bond maturities that were refunded were the 2024 through 2027 maturities and the 2036 maturities, with interest rates of 5.00%. The net proceeds from the issuance of the 2015 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the 2007 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the 2007 Bonds redeemed have been removed from the District’s government-wide financial statements. The amount of defeased bonds outstanding were redeemed on August 15, 2017. The 2015 Bonds were issued as serial bonds maturing on August 15 in the years 2024 through 2027 and 2037. The 2015 bonds bear interest at rates from 3.00% to 4.00%.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

G. Bonds and Notes Payable (continued)

The 2015 Bonds were issued at a premium of \$1,213,799, net of an underwriter's discount of \$62,970. This net premium of \$1,150,829 is being amortized over the life of the Series 2015 bonds using the effective interest method. Current year amortization of the net premium was \$92,891. The balance of the 2015 bonds as of June 30, 2019 was \$8,645,000.

The District follows the reporting guidance of GASB 65, for the reporting of the Series 2015 Bonds. Under GASB 65, since the Series 2015 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old debt) is reported as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was \$9,797,667 and the net carrying value was \$9,088,462, which resulted in a deferred outflow of resources of \$709,205. The current year's amortization of the deferred outflow of resources was \$57,245.

The old net cash flow requirements of the District for all of the District's bonds that were outstanding prior to the issuance of the 2015 Bonds were \$69,437,869 from 2016 to 2038 and the net new cash flow requirements were \$67,633,819 after issuance of the 2015 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 \$1,456,253.

On May 17, 2016, the District issued \$28,770,000 of Unlimited Tax Refunding Bonds, Series 2016 (the "2016 Bonds") to advance refund \$30,890,000 of the 2007 Bonds in order to achieve debt service savings. The 2007 Series Bond maturities that were refunded were the 2018 through 2023 maturities and the 2030, 2036, and 2037 maturities, with interest rates ranging from 4.00% to 5.00%. The net proceeds from the issuance of the 2016 Bonds were used to purchase U.S. Government Securities, and those securities were deposited into an irrevocable trust with an escrow agent to provide debt service payments until the 2007 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the 2007 Bonds redeemed have been removed from the District's government-wide financial statements. The amount of defeased bonds outstanding were redeemed on August 15, 2017. The 2016 Bonds were issued as serial bonds maturing on August 15 in the years 2016, 2018 through 2023 and 2028 through 2037. The 2016 bonds bear interest at rates from 2.00% to 5.00%. The 2016 Bonds were issued at a premium of 4,365,898, net of an underwriter's discount of \$178,771. This net premium of \$4,187,127 is being amortized over the life of the Series 2016 bonds using the effective interest method. Current year amortization of the net premium was \$266,650. The balance of the 2016 bonds as of June 30, 2019 was \$27,590,000.

The District follows the reporting guidance of GASB 65, for the reporting of the Series 2016 Bonds. Under GASB 65, since the Series 2016 Bonds are considered to be an in-substance defeasance of the Series 2007 Bonds refunded, the difference between the reacquisition price (the amount required to repay previously issued debt in a refunding transaction – in the District's case the amount placed in escrow that, together with interest earnings, is necessary to pay interest and principal on the old debt) and the net carrying value (the amount due at maturity, adjusted for any unamortized premium or discount related to the old deb) is reported

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

G. Bonds and Notes Payable (continued)

as a deferred outflow of resources and is being amortized over the remaining life of the Series 2007 bonds using the effective interest method. The reacquisition price of the Series 2007 Bonds was \$32,806,747 and the net carrying value was \$31,107,212, which resulted in a deferred outflow of resources of \$1,699,535. The current year's amortization of the deferred outflow of resources was \$108,231.

The old net cash flow requirements of the District for all of the District's bonds that were outstanding prior to the issuance of the 2016 Bonds were \$54,160,303 from 2016 to 2038 and the net new cash flow requirements were \$49,128,102 after issuance of the 2016 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 \$3,618,913.

In total, during the year ended June 30, 2019, the District amortized \$381,507 of the net unamortized premiums on bond issuances, which was recorded as a reduction in interest expense reported on the statement of activities. In total, during the year ended June 30, 2019, the District amortized \$176,083 of the deferred charges for bond refundings, which was recorded as an increase in interest expense reported on the statement of activities.

There are a number of limitations and restrictions contained in the bond indentures. The District's administrators believe that the District is in compliance with all significant limitations and restrictions at June 30, 2019. Debt service requirements for bonds payable are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2020	\$ 1,385,000	\$ 1,543,850	\$ 2,928,850
2021	1,415,000	1,513,350	2,928,350
2022	1,450,000	1,474,950	2,924,950
2023	1,485,000	1,430,925	2,915,925
2024	1,540,000	1,385,550	2,925,550
2025-2029	9,120,000	6,003,325	15,123,325
2030-2034	11,050,000	3,957,625	15,007,625
2035-2038	10,810,000	1,074,625	11,884,625
Total	\$ 38,255,000	\$ 18,384,200	\$ 56,639,200

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

G. Bonds and Notes Payable (continued)

In January 2019, the District's Board of Trustees approved a resolution for the issuance of a \$610,500 maintenance tax note entitled *Pampa Independent School District Maintenance Tax Note, Series 2019* (the "2019 Note"). The 2019 Note was issued for the purposes of providing funds to pay all or a portion of the costs of the District's maintenance, improvements or maintenance expenses pursuant to the authority conferred by and in conformity with the laws of the State of Texas, including Texas Education Code, Section 45.108 as amended. Specifically, proceeds from the issuance of the 2019 Note were used to finance the replacement of the football field turf at Pampa High School. The 2019 Note is designated by the District as a "qualified tax exempt obligation" for the purposes of Section 265(b)(3) of the Internal Revenue Code of 1986, as amended.

All available current revenues of the District, including maintenance and operations tax revenues are pledged to the payment of principal and interest on the 2019 Note, and each year while it remains outstanding, the District shall budget and appropriate such available funds of the District in amounts sufficient to provide for the full payment of the 2019 Note as it becomes due and payable. Any maintenance tax receipts shall be applied to the payment of debt service requirements on the 2019 Note. The Lender of the 2019 Note does not have a right to demand payment thereof out of any fund or funds of the District other than those pledged for repayment of the 2019 Note. The 2019 Note constitutes a contract with the lender, is binding upon the District, and shall not be amended or repealed by the District so long as the 2019 Note remains outstanding, subject to all the terms and conditions of the 2019 Note.

The 2019 Note was a direct placement maintenance tax note with Government Capital Corporation ("GCC"). The 2019 Note, currently held by GCC, may not be sold, pledged, hypothecated, donated, or otherwise transferred, including the sale of a participation interest therein, whether or not for consideration, by GCC except to a state or national bank organized under the laws of the United States or an accredited investor within the meaning of Regulation D promulgated under the Securities Act of 1933, as Amended.

The maintenance tax note is payable at 3.75% in 10 annual payments of \$74,335 including interest each January from the years 2020 through 2029. In the event the 2019 Note is subsequently determined to no longer qualify as a tax exempt obligation, the rate of interest on the 2019 Note shall increase by 3% per annum, and provided further that in no event shall the interest rate of the 2019 Note exceed the maximum rate permitted by Chapter 1204, Texas Government Code, as amended. Debt service requirements for the maintenance tax note are as follows:

Year Ended June 30,	Principal	Interest	Total Requirements
2020	\$ 51,442	\$ 22,893	\$ 74,335
2021	53,370	20,965	74,335
2022	55,372	18,963	74,335
2023	57,448	16,887	74,335
2024	59,602	14,733	74,335
2025-2029	333,266	38,409	371,675
Total	\$ 610,500	\$ 132,850	\$ 743,350

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

G. Bonds Payable (continued)

A summary of changes in bonds and notes payable for the year ended June 30, 2019, is as follows:

Bonds & Notes Payable	Bond Issue Date	Interest Rate Payable	Interest Paid Current Year	Payable/ Amounts Outstanding 07/01/18	Additions	Retired/ Refunded/ & Amortized	Payable/ Amounts Outstanding 06/30/19	Current Portion
Unlimited Tax Refunding Bond Series 2014 Current Interest Bonds (original amount of \$3,820,000)	7/9/2014	2.00% to 3.00%	\$ 60,500	\$ 2,485,000	\$ -	\$ 465,000	\$ 2,020,000	\$ 475,000
Unlimited Tax Refunding Bond Series 2015 Current Interest Bonds (original amount of \$8,645,000)	9/30/2015	3.00% to 4.00%	328,850	8,645,000	-	-	8,645,000	-
Unlimited Tax Refunding Bond Series 2016 Current Interest Bonds (original amount of \$28,770,000)	5/17/2016	2.00% to 5.00%	1,181,900	28,480,000	-	890,000	27,590,000	910,000
Maintenance Tax Notes Series 2019 (original amount of \$610,500)	1/10/2019	3.75%	-	-	610,500	-	610,500	51,442
Total Bonds & Notes Payable			\$ 1,571,250	\$ 39,610,000	\$ 610,500	\$ 1,355,000	\$ 38,865,500	\$ 1,436,442
Net unamortized premium on bond issuance *				\$ 4,714,448	\$ -	\$ 381,507	\$ 4,332,941	
Deferred charge on bond refunding				\$ 2,114,339	\$ -	\$ 176,083	\$ 1,938,256	

* The net unamortized premium on bond issuance is included in the Noncurrent Liabilities - Due In More Than One Year section of the Statement of Net Position

H. Operating Leases

The District leases copy machines, equipment and vehicles under various non-cancelable operating leases. Total lease expense for such leases was \$174,076 for the year ended June 30, 2019. The future minimum lease payments for these leases are as follows:

Year ending June 30,	Office Equipment	Vehicle Lease	Minimum Payments
2020	\$ 101,791	\$ 40,458	\$ 142,249
2021	29,645	20,014	49,659
2022	8,786	4,833	13,619
2023	3,309	-	3,309
2024	1,654	-	1,654
	\$ 145,185	\$ 65,305	\$ 210,490

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

I. Unearned Revenues

Unearned revenues as of June 30, 2019 in the fund financial statements consisted of the following:

	General Fund	Non-major Governmental Funds	Total
Unused local grant proceeds	\$ 27,750	\$ -	\$ 27,750
Food commodity revenue - held in inventory	-	82,793	82,793
Totals	<u>\$ 27,750</u>	<u>\$ 82,793</u>	<u>\$ 110,543</u>

J. Deferred Inflows of Resources

Unavailable revenues as of June 30, 2019 in the Fund Financial Statements consisted of the following:

	General Fund	Debt Service	Total
Unavailable property taxes	\$ <u>322,120</u>	\$ <u>81,402</u>	\$ <u>403,522</u>

K. Fund Balance

The District's fund balances for its governmental funds are presented in accordance with GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, ("GASB 54") 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. The "not in spendable form" criterion includes items that are not expected to be converted to cash, for example, inventories and prepaid amounts.
- **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 District's highest level of decision-making authority, the Board of Trustees. Formal action consists of a board resolution by a majority vote of the District's Board of Trustees in a publicly held scheduled meeting. Committed fund balance amounts cannot be used for any other purpose unless the Board of Trustees removes or changes the specified use by taking the same type of action (board resolution). Commitments may be for facility expansion or renovation, program modifications, wage and salary adjustments, financial cushions (rainy day funds), and other purposes determined by the Board of Trustees. Committed fund balance also incorporates contractual obligations to the extent that existing resources in the fund have been specifically committed for use in satisfying those contractual requirements.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

K. Fund Balance (continued)

- Assigned – The assigned fund balance classification includes amounts that are constrained by the District's intent to be used for specific purposes, but are neither restricted nor committed. The Board of Trustees may delegate authority to specified persons or groups to make assignments of certain fund balances by a majority vote in a scheduled meeting. The Board of Trustees may modify or rescind its delegation of authority by the same action. The authority to make assignments shall be in effect until modified or rescinded by the Board of Trustees by majority vote in a publicly scheduled meeting. The Board of Trustees has delegated the authority to make assignments of fund balance amounts to the District's Superintendent or her designee.
- Unassigned – The unassigned fund balance classification is the residual classification for the general fund. This classification represents fund balance that has not be assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the general fund.

When the District 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 District 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.

As a matter of fiscal responsibility, the District has adopted a policy of maintaining a minimum amount of fund balance of \$3,500,000 for meeting the ongoing cash flow needs of the District. The District does not view this policy as categorizing the funds as a stabilization arrangement as defined under GASB 54, as this policy was not designed to have funds available for use in an emergency situation or when revenue shortages or budgetary imbalances arise; rather, the \$3,500,000 was established as the amount to be held by the District to fund the ongoing operations of the District. Accordingly, this amount is included in the unassigned fund balance category. The District's policy also states that funds in excess of this and not already reported as nonspendable, restricted, or committed may be assigned by the Superintendent or her designee. The District's governmental funds as of June 30, 2019 are reported as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Governmental Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ 24,460	\$ -	\$ -	\$ 88,353	\$ 112,813
Prepaid items	170,851	-	-	-	170,851
Restricted:					
National School Breakfast and Lunch Program	-	-	-	191,450	191,450
Summer Feeding Program	-	-	-	60,714	60,714
Capital acquisition & contractual obligations	-	-	673,656	-	673,656
Retirement of long-term debt	-	4,147,720	-	-	4,147,720
Education foundation grant	-	-	-	6,459	6,459
Special campus projects	-	-	-	9,069	9,069
Committed:					
Campus activity funds	-	-	-	106,213	106,213
Unassigned	7,429,551	-	-	-	7,429,551
Total fund balances	<u>\$ 7,624,862</u>	<u>\$ 4,147,720</u>	<u>\$ 673,656</u>	<u>\$ 462,258</u>	<u>\$ 12,908,496</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan

Plan Description - The District participates in a cost sharing multiple employer defined benefit pension that has a special funding situation. The plan is administered by the Teacher Retirement System of Texas (TRS). TRS's defined benefit pension plan is established and administered in accordance with the Texas Constitution Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. The pension trust fund is a qualified pension trust fund under Section 401(a) of the Internal Revenue Code. The Texas Legislature established benefits and contributions within the guidelines of the Texas Constitution. The pension's Board of Trustees does not have the authority to establish or amend benefit terms.

All employees of public, state supported educational institutions in Texas who are employed for one-half or more of the standard work load and who are not exempted from membership under Texas Government Code Title 8 Section 822.002 are covered by the system.

Pension Plan Fiduciary Net Position - Detailed information about the TRS's fiduciary net position is available in a separately issued Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512)542-6592. The information provided in the Notes to the Financial Statements in the 2018 Comprehensive Annual Financial Report for TRS provides the following information regarding the Pension Plan fiduciary net position as of August 31, 2018:

<u>Net Pension Liability</u>	
Total pension liability	\$ 209,611,328,793
Less: Plan fiduciary net position	(154,568,901,833)
Net pension liability	\$ <u><u>55,042,426,960</u></u>
Net position as a percentage of total pension liability	73.74%

Benefits Provided - TRS provides service and disability retirement, as well as death and survivor benefits, to eligible employees (and their beneficiaries) of public and higher education in Texas. The pension formula is calculated using 2.3 percent (multiplier) times the average of the five highest annual creditable salaries times years of credited service to arrive at the annual standard annuity except for members who are grandfathered, the three highest annual salaries are used. The normal service retirement is at age 65 with 5 years of credited service or when the sum of the member's age and years of credited service equals 80 or more years. Early retirement is at age 55 with 5 years of service credit or earlier than 55 with 30 years of service credit. There are additional provisions for early retirement if the sum of the member's age and years of service credit total at least 80, but the member is less than age 60 or 62 depending on date of employment, or if the member was grandfathered in under a previous rule. There are no automatic post-employment benefit changes; including automatic COLAs. Ad hoc post-employment benefit changes, including ad hoc COLAs can be granted by the Texas Legislature as noted in the Plan description above.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan (continued)

Contributions - Contribution requirements are established or amended pursuant to Article 16, section 67 of the Texas Constitution which requires the Texas legislature to establish a member contribution rate of not less than 6% of the member's annual compensation and a state contribution rate of not less than 6% and not more than 10% of the aggregate annual compensation paid to members of the system during the fiscal year. Texas Government Code section 821.006 prohibits benefit improvements, if as a result of the particular action, the time required to amortize TRS' unfunded actuarial liabilities would be increased to a period that exceeds 31 years, or, if the amortization period already exceeds 31 years, the period would be increased by such action.

Employee contribution rates are set in state statute, Texas Government Code 825.402. Senate Bill 1458 of the 83rd Texas Legislature amended Texas Government Code 825.402 for member contributions and established employee contribution rates for fiscal years 2014 thru 2017. The 85th Texas Legislature, General Appropriations Act (GAA) affirmed that the employer contribution rates for fiscal years 2018 and 2019 would remain the same.

Contribution Rates and Amounts		
	<u>2018</u>	<u>2019</u>
Member	7.7%	7.7%
Non-Employer Contributing Entity (State)	6.8%	6.8%
Employers	6.8%	6.8%
Pampa ISD 2019 Employer Contributions	\$	666,320
Pampa ISD 2019 Member Contributions	\$	1,541,468
Pampa ISD 2019 NECE On-behalf Contributions	\$	981,062

Contributors to the plan include members, employers and the State of Texas as the only non-employer contributing entity. The State is the employer for senior colleges, medical schools and state agencies including TRS. In each respective role, the State contributes to the plan in accordance with state statutes and the General Appropriations Act (GAA).

As the non-employer contributing entity for public education and junior colleges, the State of Texas contributes to the retirement system an amount equal to the current employer contribution rate times the aggregate annual compensation of all participating members of the pension trust fund during that fiscal year reduced by the amounts described below which are paid by the employers. Employers (public school, junior college, other entities or the State of Texas as the employer for senior universities and medical schools) are required to pay the employer contribution rate in the following instances:

- On the portion of the member's salary that exceeds the statutory minimum for members entitled to the statutory minimum under Section 21.402 of the Texas Education Code.
- During a new member's first 90 days of employment.
- When any part or all of an employee's salary is paid by federal funding sources, a privately sponsored source, from non-educational and general, or local funds.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan (continued)

- When the employing district is a public junior college or junior college district, the employer shall contribute to the retirement system an amount equal to 50% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

In addition to the employer contributions listed above, there are two additional surcharges an employer is subject to:

- When employing a retiree of the Teacher Retirement System the employer shall pay both the member contribution and the state contribution as an employment after retirement surcharge.
- When a school district or charter school does not contribute to the Federal Old-Age, Survivors and Disability Insurance (OASDI) Program for certain employees, they must contribute 1.5% of the state contribution rate for certain instructional or administrative employees; and 100% of the state contribution rate for all other employees.

Actuarial Assumptions - A change was made in the measurement date of the total pension liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total pension liability to August 31, 2018. This is the first year using the roll forward procedures. The total pension liability is determined by an annual actuarial valuation. The actuarial methods and assumptions were selected by the Board of Trustees based upon analysis and recommendations by the System's actuary. The Board of Trustees has sole authority to determine the actuarial assumptions used for the Plan. The active mortality rates were based on 90 percent of the RP 2014 Employee Mortality Tables for males and females. The post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables. The total pension liability in the August 31, 2017 actuarial valuation rolled forward to August 31, 2018 was determined using the following actuarial assumptions:

Valuation date	August 31, 2017
Actuarial cost method	Individual Entry Age Normal
Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Asset valuation method	Market value
Single discount rate	6.907%
Long-term expected rate	7.25%
Municipal bond rate as of August, 2018	3.69% - Source for the rate is the fixed income market data/yield curve/data municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity index's "20-year Municipal GO AA Index."
Last year ending August 31 in Projection Period (100 years)	2116
Inflation	2.30%
Salary increases	3.05% to 9.05% including inflation
Ad hoc post employment benefit changes	None

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan (continued)

The actuarial methods and assumptions are primarily based on a study of actual experience for the three-year period ending August 31, 2017 and adopted in July 2018.

Discount Rate - The single discount rate used to measure the total pension liability was 6.907%. The single discount rate was based on the expected rate of return on pension plan investments of 7.25% and a municipal bond rate of 3.69%. The projection of cash flows used to determine the discount rate assumed that contributions from plan members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the pension plan's fiduciary net position was sufficient to finance the benefit payments until the year 2069. As a result, the long-term expected rate of return on pension plan investments was applied to projected benefit payments through the year 2069, and the municipal bond rate was applied to all benefit payments after that date. The long-term expected rate of return on pension plan investments was determined using a building block method in which best estimates 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. Best estimates of geometric real rates of return for each major asset class included in the Systems target asset allocation as of August 31, 2018 are summarized below:

Asset Class	Target Allocation	Real Return Geometric Basis	Long Term Expected Portfolio Real Rate of Return*
Global Equity			
U.S.	18%	5.70%	1.04%
Non-U.S. Developed	13%	6.90%	0.90%
Emerging Markets	9%	8.95%	0.80%
Directional Hedge Funds	4%	3.53%	0.14%
Private Equity	13%	10.18%	1.32%
Stable Value			
U.S. Treasuries	11%	1.11%	0.12%
Absolute Return	0%	0.00%	0.00%
Stable Value Hedge Funds	4%	3.09%	0.12%
Cash	1%	-0.30%	0.00%
Real Return			
Global Inflation Linked Bonds	3%	0.70%	0.02%
Real Assets	16%	5.21%	0.73%
Energy and Natural Resources	3%	7.48%	0.37%
Commodities	0%	0.00%	0.00%
Risk Parity			
Risk Parity	5%	3.70%	0.18%
Inflation Expectation			2.30%
Alpha			-0.79%
Total	100%		7.25%

* The Expected Contribution to Returns incorporates the volatility drag resulting from the conversion between Arithmetic and Geometric mean returns

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan (continued)

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the Net Pension Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (6.907%) in measuring the 2018 Net Pension Liability.

	1% Decrease in Discount Rate (5.907%)	Discount Rate (6.907%)	1% Increase in Discount Rate (7.907%)
District's proportionate share of the net pension liability	\$ 16,642,028	\$ 11,026,762	\$ 6,480,871

Pension Liabilities, Pension Expense and Deferred Outflows of Resources and Deferred Inflows of resources Related to Pensions - At June 30, 2019, the District reported a liability of \$11,026,762 for its proportionate share of the TRS's net pension liability. This liability reflects a reduction for State pension support provided to the District. The amount recognized by the District as its proportionate share of the net pension liability, the related State support, and the total portion of the net pension liability that was associated with the District were as follows:

District's proportionate share of the collective net pension liability	\$ 11,026,762
State's proportionate share that is associated with the District	16,039,689
Total	\$ 27,066,451

The net pension liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of August 31, 2017 rolled forward to August 31, 2018. The employer's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018.

At August 31, 2018 the employer's proportion of the collective net pension liability was 0.02003320520% which was a decrease of 0.0012622272% from its proportion measured as of August 31, 2017 which was 0.02129543240%.

Changes Since the Prior Actuarial Valuation – Assumptions, method, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

L. Defined Benefit Pension Plan (continued)

- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

For the measurement period from September 1, 2017 through August 31, 2018, the District recognized pension expense of \$1,587,502 and revenue of \$1,587,502 for support provided by the State in the government-wide statement of activities for the year ended June 30, 2019.

At June 30, 2019, the District reported its proportionate share of the TRS's 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	\$ 68,732	\$ 270,553
Changes in actuarial assumptions	3,975,679	124,240
Difference between projected and actual investment earnings	-	209,225
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	924,712	867,228
Contributions paid to TRS subsequent to the measurement date	557,742	-
Total	\$ <u>5,526,865</u>	\$ <u>1,471,246</u>

The net amounts of the employer's balances of deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended June 30:	Pension Expense Amount
2020	\$ 1,025,090
2021	584,793
2022	456,799
2023	512,043
2024	526,819
Thereafter	<u>392,333</u>
	\$ <u>3,497,877</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

M. Health Care Coverage

During the year ended June 30, 2019, the District provided medical benefits coverage (the “Plan”) to its employees through the TRS. The Plan was created and is operated under the provisions of the Texas Active School Employees Uniform Group Benefits Act (H.B. 3343) enacted by the 77th Texas Legislature. H.B. 3343 established a new statewide health coverage program for public school employees and their dependents. The TRS began administering the Plan, known as TRS-ACTIVE CARE, as of September 1, 2002. The Plan includes employees of most small to mid-size districts, charter schools, education service centers, and certain other employees. Participants in the Plan can choose from several different benefit options, and must meet certain eligibility requirements. Currently, participants must either be an active, contributing TRS member or must be employed for 10 or more hours each week to be eligible for coverage under the Plan. Each member district is billed monthly based upon the number of employees participating in the Plan. For the year ended June 30, 2019, the District contributed \$275 per month per employee to the Plan.

N. Defined Other Post-Employment Benefit Plan

Plan Description - The District participates in the Texas Public School Retired Employees Group Insurance Program (TRS-Care). It is a multiple-employer, cost-sharing defined Other Post-Employment Benefit (OPEB) plan that has a special funding situation. The plan is administered through a trust by the Teacher Retirement System of Texas (TRS) Board of Trustees. It is established and administered in accordance with the Texas Insurance Code, Chapter 1575.

OPEB Plan Fiduciary Net Position - Detail information about the TRS-Care’s fiduciary net position is available in the separately-issued TRS Comprehensive Annual Financial Report that includes financial statements and required supplementary information. That report may be obtained on the Internet at <http://www.trs.state.tx.us/about/documents/cafr.pdf#CAFR>; by writing to TRS at 1000 Red River Street, Austin, TX, 78701-2698; or by calling (512) 542-6592.

The information provided in the Notes to the Financial Statements in the 2018 Comprehensive Annual Financial Report for TRS-Care provides the following information regarding the Other Post-Employment Benefit Plan fiduciary net position as of August 31, 2018:

Net OPEB Liability	
Total OPEB liability	\$ 50,729,490,103
Less: Plan fiduciary net position	(798,574,633)
Net OPEB	<u>\$ 49,930,915,470</u>
Net position as a percentage of total OPEB liability	1.57%

Benefits Provided - TRS-Care provides a basic health insurance coverage (TRS-Care 1), at no cost to all retirees from public schools, charter schools, regional education service centers and other educational districts who are members of the TRS pension plan. Optional dependent coverage is available for an additional fee.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

Eligible retirees and their dependents not enrolled in Medicare may pay premiums to participate in one of two optional insurance plans with more comprehensive benefits (TRS-Care 2 and TRS-Care 3). Eligible retirees and dependents enrolled in Medicare may elect to participate in one of the two Medicare health plans for an additional fee. To qualify for TRS-Care coverage, a retiree must have at least 10 years of service credit in the TRS pension system. The Board of Trustees is granted the authority to establish basic and optional group insurance coverage for participants as well as to amend benefit terms as needed under Chapter 1575.052. There are no automatic post-employment benefit changes; including automatic COLAs. The premium rates for the optional health insurance are based on years of service of the member. The schedule below shows the monthly rates for a retiree with and without Medicare coverage.

TRS-Care Monthly Premium Rates January 1, 2018 through December 31, 2018		
	Medicare	Non-Medicare
Retiree or Surviving Spouse	\$ 135	\$ 200
Retiree and Spouse	529	689
Retiree or Surviving Spouse and Children	468	408
Retiree and Family	1,020	999

Contributions - Contribution rates for the TRS-Care plan are established in state statute by the Texas Legislature, and there is no continuing obligation to provide benefits beyond each fiscal year. The TRS-Care plan is currently funded on a pay-as-you-go basis and is subject to change based on available funding. Funding for TRS-Care is provided by retiree premium contributions and contributions from the state, active employees, and school districts based upon public school district payroll. The TRS Board of trustees does not have the authority to set or amend contribution rates.

Texas Insurance Code, section 1575.202 establishes the state's contribution rate which is 1.25% of the employee's salary. Section 1575.203 establishes the active employee's rate which is 0.75% of pay. Section 1575.204 establishes an employer contribution rate of not less than 0.25% or not more than 0.75% of the salary of each active employee of the public. The actual employer contribution rate is prescribed by the Legislature in the General Appropriations Act. The following table shows contributions to the TRS-Care plan by type of contributor.

Contribution Rates and Amounts		
	2018	2019
Active Employee	0.65%	0.65%
Non-Employer Contributing Entity (State)	1.25%	1.25%
Employers	0.75%	0.75%
Federal/private Funding Remitted by Employers	1.25%	1.25%
Pampa ISD 2019 Employer Contributions	\$	175,104
Pampa ISD 2019 Member Contributions	\$	150,142
Pampa ISD 2019 NECE On-behalf Contributions	\$	242,722

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

In addition to the employer contributions listed above, there is an additional surcharge all TRS employers are subject to (regardless of whether or not they participate in the TRS Care OPEB program). When employers hire a TRS retiree, they are required to pay to TRS Care, a monthly surcharge of \$535 per retiree.

TRS-Care received supplemental appropriations from the State of Texas as the Non-Employer Contributing Entity in the amount of \$182.6 million in fiscal year 2018. The 85th Texas Legislature, House Bill 30 provided an additional \$212 million in one-time, supplemental funding for the fiscal 2018-2019 biennium to continue to support the program. This was also received in fiscal year 2018 bringing the total appropriations received in fiscal year 2018 to \$394.6 million.

Actuarial Assumptions – A change was made in the measurement date of the total OPEB liability for the 2018 measurement year. The actuarial valuation was performed as of August 31, 2017. Update procedures were used to roll forward the total OPEB liability to August 31, 2018. This is the first year using the roll forward procedures.

The actuarial valuation of TRS-Care is similar to the actuarial valuations performed for the pension plan, except that the OPEB valuation is more complex. All of the demographic assumptions, including rates of retirement, termination, and disability, and most of the economic assumptions, including general inflation, salary increases, and general payroll growth, used in this OPEB valuation were identical to those used in the respective TRS pension valuation. Since the assumptions were based upon a recent actuarial experience study performed and they were reasonable for this OPEB valuation, they were employed in that report.

The actuarial valuation was determined using the following actuarial assumptions. The following assumptions and other inputs used for members of TRS-Care are identical to the assumptions used in the August 31, 2017 TRS pension actuarial valuation that was rolled forward to August 31, 2018:

Rates of Mortality	General Inflation
Rates of Retirement	Wage Inflation
Rates of Termination	Expected Payroll Growth
Rates of Disability Incidence	

Additional Actuarial Methods and Assumptions:

Valuation date	August 31, 2017 rolled forward to August 31, 2018
Actuarial cost method	Individual Entry Age Normal
Inflation	2.30%
Single discount rate	3.69% - Sourced from fixed income municipal bonds with 20 years to maturity that include only federal tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of August 31, 2018.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

Aging Factors	Based on plan specific experience.
Election rates	Normal retirement: 70% participation prior to age 65 and 75% participation after age 65.
Expenses	Third-party administrative expenses related to the delivery of health care benefits are included in the age-adjusted claims costs.
Projected salary increases	3.05% to 9.05%
Ad hoc post-employment benefit changes	None

The active mortality rates were based on 90 percent of the RP-2014 Employee Mortality Tables for males and females, with full generational mortality using Scale BB. The Post-retirement mortality rates were based on the 2018 TRS of Texas Healthy Pensioner Mortality Tables, with full generational projection using the ultimate improvement rates from the most recently published scale (U-MP).

Health Care Trend Rates - Initial medical trend rates of 107.74 percent and 9.00 percent for Medicare retirees and an initial medical trend rate of 6.75 percent for non-Medicare retirees. Initial prescription drug trend rate of 11.00 percent for all retirees. The first year trend increase for the Medicare Advantage (medical) premiums reflects the anticipated return of the Health Insurer Fee (HIF) in 2020.

In this valuation, the impact of the Cadillac Tax has been calculated as a portion of the trend assumption. Assumptions and methods used to determine the impact of the Cadillac Tax include:

- 2018 thresholds of \$850/\$2,292 were indexed annually by 2.50 percent.
- Premium data submitted was not adjusted for permissible exclusions to the Cadillac Tax.
- There were no special adjustments to the dollar limit other than those permissible for non-Medicare retirees over 55.

Results indicate that the value of the excise tax would be reasonably represented by a 25 basis point addition to the long-term trend rate assumption.

Discount Rate - A single discount rate of 3.69% was used to measure the total OPEB liability. There was an increase of .27 percent in the discount rate since the previous year. Because the plan is essentially a “pay-as-you-go” plan, the single discount rate is equal to the prevailing municipal bond rate.

The projection of cash flows used to determine the discount rate assumed that contributions from active members and those of the contributing employers and the non-employer contributing entity are made at the statutorily required rates. Based on those assumptions, the OPEB plan’s fiduciary net position was projected to not be able to make all future benefit payments of current plan members. Therefore, the municipal bond rate was applied to all periods of projected benefit payments to determine the total OPEB liability.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

Discount Rate Sensitivity Analysis - The following schedule shows the impact of the net OPEB liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (3.69%) in measuring the net OPEB liability.

Sensitivity of the Net OPEB Liability to the Single Discount Rate Assumptions				
Current Single Discount Rate				
	1% Decrease	2.69%	Discount Rate	1% Increase
			3.69%	4.69%
District's proportionate share of the net OPEB liability	\$	15,422,170	\$	12,956,066
			\$	11,005,219

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEBs - At June 30, 2019, the District reported a liability of \$12,956,066 for its proportionate share of the TRS's net OPEB liability. This liability reflects a reduction for State OPEB support provided to the District. The amount recognized by the District as its proportionate share of the net OPEB liability, the related State support, and the total portion of the net OPEB liability that was associated with the District were as follows:

District's proportionate share of the collective net OPEB liability	\$	12,956,066
State's proportionate share that is associated with the District		17,592,993
Total	\$	30,549,059

The net OPEB liability was measured as of August 31, 2017 and rolled forward to August 31, 2018 and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The District's proportion of the net OPEB liability was based on the District's contributions to the OPEB plan relative to the contributions of all employers to the plan for the period September 1, 2017 thru August 31, 2018. At August 31, 2018 the employer's proportion of the collective net OPEB liability was 0.0259479838% compared to 0.02869699555% as of August 31, 2017. This is an decrease of 0.0027490117%. The following presents the impact of the net OPEB liability of the plan using the assumed healthcare cost trend rate of 8.5%, as well as what the net OPEB liability would be if it were calculated using a trend rate that is 1% less than and 1% greater than the assumed 8.5% rate is used:

Sensitivity of the Net OPEB Liability to the Healthcare Cost Trend Rate Assumptions				
Current Single Discount Rate				
	1% Decrease	Current Healthcare Cost Trend Rate	1% Increase	
District's proportionate share of the net OPEB liability	\$	10,760,224	\$	12,956,066
			\$	15,848,037

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

Changes Since the Prior Actuarial Valuation - The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

Changes in Benefit Terms - The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

For the year ended June 30, 2019, the District recognized OPEB expense of \$639,927 and revenue of \$639,927 for support provided by the State.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

N. Defined Other Post-Employment Benefit Plan (continued)

At June 30, 2019, the District reported its proportionate share of the TRS's deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 687,530	\$ 204,466
Changes in actuarial assumptions	216,202	3,892,554
Difference between projected and actual investment earnings	2,266	-
Changes in proportion and difference between the employer's contributions and the proportionate share of contributions	48	1,508,177
Contributions paid to TRS subsequent to the measurement date	145,480	-
Total	\$ <u>1,051,526</u>	\$ <u>5,605,197</u>

The net amounts of the District's balances of deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended June 30:	Pension Expense Amount
2020	\$ (697,527)
2021	(697,527)
2022	(697,527)
2023	(697,956)
2024	(698,201)
Thereafter	<u>(1,210,413)</u>
	\$ <u><u>(4,699,151)</u></u>

O. Medicare Part D – On-Behalf Payments

Federal Government Retiree Drug Subsidy - Medicare Part D allows for the TRS-Care to receive retiree drug subsidy payments from the federal government to offset certain prescription drug expenditures for eligible TRS-Care participants. On-behalf payments must be recognized as equal revenues and expenditures/expenses by each reporting entity. Payments made on-behalf of the District for the years ended June 30, 2019, 2018, and 2017 were \$69,051, \$65,143, and \$84,882, respectively.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

P. Cafeteria Plan

During the year ended June 30, 2019, the District offered a cafeteria plan meeting the requirements of Section 125 of the Internal Revenue Code to all full-time employees. Under the cafeteria plan participants designate a portion of their salary to be contributed to the cafeteria plan to pay for selected unreimbursed expenses. Eligible unreimbursed expenses include medical expenses, child and dependent care costs, health insurance costs, cancer insurance cost and dental expenses. By contributing to the cafeteria plan, employees can receive certain income tax benefits. All employee contributions to the plan are paid to a third party administrator.

Q. Litigation and Contingencies

At June 30, 2019, the District had no known or threatened pending litigation which would materially affect the District's financial condition.

R. Revenues from Local and Intermediate Sources

During the year ended June 30, 2019, revenues from local and intermediate sources in the fund financial statements consisted of the following:

	General Fund	Debt Service Fund	Non-major Governmental Funds	Total
Property taxes	\$ 11,327,250	\$ 2,834,781	\$ -	\$ 14,162,031
Penalties, interest	260,750	41,873	-	302,623
Tuition and fees	39,830	-	-	39,830
Investment income	75,822	35,006	121	110,949
Food sales	-	-	337,547	337,547
Gifts, grants and bequests	19,549	-	49,218	68,767
Co-curricular student activities	112,901	-	-	112,901
Campus activities	-	-	38,866	38,866
Insurance recovery	366,169	-	-	366,169
Other	84,503	-	-	84,503
Totals	<u>\$ 12,286,774</u>	<u>\$ 2,911,660</u>	<u>\$ 425,752</u>	<u>\$ 15,624,186</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

S. General Fund Federal Source Revenues

Federally financed programs are generally accounted for in the Special Revenue Funds of the District, except for indirect and other costs charged to federal programs which are accounted for in the General Fund as prescribed by the TEA, as well as School Health and Related Services revenues ("SHARS"). The District recognized in the General Fund such revenues for the year ended June 30, 2019, from various federal sources as follows:

<u>Program or Source</u>	<u>CFDA Number</u>	<u>Amount</u>	<u>Total Grant</u>
IDEA Part B, Formula	84.027A	\$ 40,714	\$ 1,090,356
ESL - Summer School Program	84.369A	1,514	28,660
ESEA Title III, Part A	84.365A	3,044	62,998
SHARS reimbursements	93.774	600,213	600,213
ESEA Title I, Part A	84.010A	38,515	729,111
IDEA Part B, Preschool	84.173A	1,454	28,987
Career and Technical - Basic Grant	84.048	1,836	48,645
ESEA, Title II, Part A	84.367A	4,721	89,380
Total		\$ <u>692,011</u>	\$ <u>2,678,350</u>

T. Joint Venture - Shared Service Arrangements

The District is the fiscal agent for a Shared Services Arrangement ("SSA") which provides speech therapy, a diagnostician and administrative support services for special education to member districts. In addition to the District, other member districts include Grandview-Hopkins ISD and Lefors ISD. All services are provided by the fiscal agent. The member districts provide the funds to the fiscal agent. According to guidance provided in TEA's Resource Guide, the District has accounted for the fiscal agent's activities of the SSA in Special Revenue Fund No. 437, Shared Services Arrangements - Special Education and is accounted for using Model 3 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Lefors Independent School District	\$ 4,307
Grandview-Hopkins Independent School District	<u>4,307</u>
Total	\$ <u><u>8,614</u></u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

T. Joint Venture - Shared Service Arrangements (continued)

The District is also the fiscal agent for Shared Services Arrangement (“SSA”) which provides for special education to member districts. In addition to the District, other member districts include Grandview-Hopkins ISD and Lefors ISD. The District receives monies from the TEA and distributes to other member districts. According to guidance provided in TEA’s Resource Guide, the District has accounted for the fiscal agent’s activities of the SSA in Special Revenue Fund No. 313 and 314, Shared Services Arrangements - Special Education and is accounted for using Model 1 in the SSA section of the Resource Guide. Expenditures of the SSA are summarized below:

Pampa Independent School District	\$ 1,044,009
Lefors Independent School District	30,115
Grandview-Hopkins Independent School District	3,051
Total	<u>\$ 1,077,175</u>

U. Claims and Judgments - Arbitrage

As discussed in Note II(G), the District issued the Unlimited Tax School Building Bonds, Series 2007 during a previous year to renovate various facilities within the District and to construct a new Junior High School. Since the District still has unspent bond proceeds related to the financing of these projects, the District’s administration has invested these bond proceeds with TexSTAR in order to earn interest on these funds until construction has been completed. Under the current federal United States Tax Code, earnings on these invested funds are subject to the arbitrage provisions. Essentially, the arbitrage provisions stipulate that earnings received on temporarily invested proceeds from tax-exempt debt in excess of the interest rates on the bonds must be rebated to the United States Government. Federal law requires that the arbitrage must be calculated and rebated at the end of each five-year period that the tax-exempt debt is outstanding. This provision would end when all of the proceeds from the tax-exempt debt have been spent and are no longer invested in higher yielding investments. As of June 30, 2019, the District does not believe they will be subject to any arbitrage liability to the United States Government.

V. Auto, Liability and Property Program

During the year ended June 30, 2019, the District participated in the following TASB Risk Management Fund’s (the “Fund”) programs: Auto Liability; Auto Physical Damage; Legal Liability; Privacy & Information Security, and Property. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund purchases stop loss coverage for protection against catastrophic and larger than anticipated claims for its Auto, Liability and Property programs. The terms and limits of the stop loss program vary by line of coverage. The Fund uses the services of an independent actuary to determine the adequacy of reserves and fully funds those reserves. For the year ended June 30, 2019, the Fund anticipates the District has no additional liability beyond the contractual obligation for payment of contributions.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

V. Auto, Liability and Property Programs (continued)

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, which is the most current report provided to the public, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

W. Unemployment Compensation Pool

During the year ended June 30, 2019, the District provided unemployment compensation coverage to its employees through participation in the Texas Association of School Board's (TASB) Risk Management Fund (the "Fund"). The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Unemployment Compensation Program is authorized by Section 22.005 of the Texas Education Code and Chapter 172 of the Texas Local Government Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties.

The Fund meets its quarterly obligation to the Texas Workforce Commission. Expenses are accrued monthly until the quarterly payment has been made. Expenses can be reasonably estimated; therefore, there is no need for specific or aggregate stop loss coverage for the Unemployment Compensation pool. For the year ended June 30, 2019, the Fund anticipates that the District has no additional liability beyond the contractual obligation for payment of contribution.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, which is the most current report provided to the public, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin.

X. Workers Compensation Aggregate Deductible

During the year ended June 30, 2019, the District met its statutory worker's compensation obligations through participation in the TASB Risk Management Fund. The Fund was created and is operated under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code. The Fund's Workers Compensation Program is authorized by Chapter 504, Texas Labor Code. All members participating in the Fund execute Interlocal Agreements that define the responsibilities of the parties. The Fund provides statutory worker's compensation benefits to its members and their injured employees.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

X. Workers Compensation Aggregate Deductible (continued)

The District participates in the Fund's reimbursable aggregate deductible program. As such, the District is responsible for a certain amount of claims liability as outlined on the District's Contribution and Coverage Summary document. After the District's deductible has been met, the Fund is responsible for additional claims liability.

The Fund and its members are protected against higher than expected claims costs through the purchase of stop loss coverage for any claim in excess of the Fund's self-insured retention of \$2 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2018, the Fund carries a discounted reserve of \$48,977,531 for future development on reported claims and claims that have been incurred but not reported. For the Fund's year ended June 30, 2019, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

The Fund engages the services of an independent auditor to conduct a financial audit after the close of each plan year on August 31. The audit is accepted by the Fund's Board of Trustees in February of the following year. The Fund's audited financial statements as of August 31, 2018, which is the most current report provided to the public, are available on the TASB Risk Management Fund website and have been filed with the Texas Department of Insurance in Austin

The District has accounted for the risk activities related to workers' compensation insurance in the General Fund, and recorded related costs as expenditures in the General Fund and Special Revenue Funds. Claims liabilities are based on estimates of the ultimate cost of reported claims and an estimate for probable claims incurred but not reported. Estimated claims payable is calculated using the estimated outstanding loss and allocated loss and expenses (ALAE) as provided by TASB. The following is a summary of the changes in the workers' compensation benefit obligation for the years listed above, which represents unpaid claims reported and estimated incurred but not reported claims which are reported as accrued expenditures in the fund financial statements as of June 30, 2019:

	Beginning of fiscal year liability	Current year claims and claims incurred but not reported	Changes in estimated claims liability from the claims administrator	Claims payments during fiscal year	End of fiscal year liability
FYE 6/30/2016	\$ -	\$ -	\$ 1,100	\$ (1,100)	\$ -
FYE 6/30/2018	46,117	-	(18,243)	(27,874)	-
FYE 6/30/2019	-	42,802	-	(10,494)	32,308
Totals	<u>\$ 46,117</u>	<u>\$ 42,802</u>	<u>\$ (17,143)</u>	<u>\$ (39,468)</u>	<u>\$ 32,308</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

Y. Impact of Recently Issued Accounting Pronouncements

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 District'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 did not have any significant impact on the District's financial statements, other than the additional disclosures in Note II(G) above pertaining to the District's issuance of maintenance tax notes during the year ended June 30, 2019.

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 District's financial statements.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

Y. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued Accounting Pronouncements (continued)

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 District'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 District's financial statements.

In June 2018, the GASB issued statement 89, *Accounting for Interest Cost Incurred before the End of a Construction Period*. The objectives of this Statement are (1) to enhance the relevance and comparability of information about capital assets and the cost of borrowing for a 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.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED JUNE 30, 2019**

II. Detailed Notes on All Funds and Account Groups (continued):

Y. Impact of Recently Issued Accounting Pronouncements (continued)

Recently Issued 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. Management is currently evaluating the impact of the adoption of this Statement on the District'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.

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 District's financial statements.

Z. Subsequent Events

Management has evaluated subsequent events through October 21, 2019, which is the date on which the financial statements were issued. Management of the District is not aware of any subsequent events requiring disclosure in the notes or adjustment to the financial statements for the year ended June 30, 2019.

REQUIRED SUPPLEMENTARY INFORMATION

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 11,799,351	\$ 11,813,014	\$ 12,286,774	\$ 473,760
5800 State Program Revenues	17,747,408	17,747,408	17,345,686	(401,722)
5900 Federal Program Revenues	160,400	160,400	692,011	531,611
5020 Total Revenues	29,707,159	29,720,822	30,324,471	603,649
EXPENDITURES:				
Current:				
0011 Instruction	15,166,825	14,897,468	14,467,762	429,706
0012 Instructional Resources and Media Services	245,082	245,082	202,824	42,258
0013 Curriculum and Instructional Staff Development	900,648	929,915	828,078	101,837
0021 Instructional Leadership	234,266	279,266	250,052	29,214
0023 School Leadership	1,870,873	1,872,928	1,825,872	47,056
0031 Guidance, Counseling and Evaluation Services	994,099	1,044,099	1,021,674	22,425
0032 Social Work Services	76,943	76,943	74,341	2,602
0033 Health Services	295,184	269,184	213,023	56,161
0034 Student (Pupil) Transportation	903,652	1,018,652	645,248	373,404
0036 Extracurricular Activities	1,302,955	1,300,913	1,187,936	112,977
0041 General Administration	1,380,709	1,455,709	1,364,318	91,391
0051 Facilities Maintenance and Operations	3,614,074	3,316,744	2,951,991	364,753
0052 Security and Monitoring Services	238,233	249,473	193,352	56,121
0053 Data Processing Services	1,195,095	1,203,425	1,092,470	110,955
0061 Community Services	168,567	168,567	155,305	13,262
Debt Service:				
0071 Principal on Long-Term Debt	-	72,000	-	72,000
0072 Interest on Long-Term Debt	-	3,000	-	3,000
0073 Bond Issuance Cost and Fees	-	11,600	11,600	-
Capital Outlay:				
0081 Facilities Acquisition and Construction	803,454	1,073,454	1,021,836	51,618
Intergovernmental:				
0099 Other Intergovernmental Charges	316,500	319,000	316,820	2,180
6030 Total Expenditures	29,707,159	29,807,422	27,824,502	1,982,920
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(86,600)	2,499,969	2,586,569
OTHER FINANCING SOURCES (USES):				
7912 Sale of Real and Personal Property	-	-	334,510	334,510
7914 Non-Current Loans	-	610,500	610,500	-
8949 Other (Uses)	-	-	(100,912)	(100,912)
7080 Total Other Financing Sources (Uses)	-	610,500	844,098	233,598
1200 Net Change in Fund Balances	-	523,900	3,344,067	2,820,167
0100 Fund Balance - July 1 (Beginning)	4,280,795	4,280,795	4,280,795	-
3000 Fund Balance - June 30 (Ending)	\$ 4,280,795	\$ 4,804,695	\$ 7,624,862	\$ 2,820,167

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET PENSION LIABILITY
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR THE YEAR ENDED JUNE 30, 2019

	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016
District's Proportion of the Net Pension Liability (Asset)	0.020033205%	0.021295432%	0.022978276%
District's Proportionate Share of Net Pension Liability (Asset)	\$ 11,026,762	\$ 6,809,132	\$ 8,683,149
State's Proportionate Share of the Net Pension Liability (Asset) Associated with the District	16,039,689	10,757,743	13,034,915
Total	<u>\$ 27,066,451</u>	<u>\$ 17,566,875</u>	<u>\$ 21,718,064</u>
District's Covered Payroll	\$ 20,811,764	\$ 22,068,972	\$ 21,937,294
District's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	52.98%	30.85%	39.58%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	73.74%	82.17%	78.00%

Note: GASB 68, Paragraph 81 requires that the information on this schedule be data from the period corresponding with the periods covered as of the measurement dates of August 31, 2018 for year 2019, August 31, 2017 for year 2018, August 31, 2016 for year 2017, August 31, 2015 for year 2016 and August 31, 2014 for 2015.

Note: In accordance with GASB 68, Paragraph 138, only five years of data are presented this reporting period. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these 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 requirements of this Statement."

FY 2016		FY 2015	
Plan Year 2015		Plan Year 2014	
0.0244425%		0.0162077%	
\$	8,640,098	\$	4,329,301
12,658,664		10,764,039	
\$	21,298,762	\$	15,093,340
\$	21,371,439	\$	20,224,305
40.43%		21.41%	
78.43%		83.25%	

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR PENSIONS
TEACHER RETIREMENT SYSTEM OF TEXAS
FOR FISCAL YEAR 2019

	2019	2018	2017
Contractually Required Contribution	\$ 666,320	\$ 679,639	\$ 701,216
Contribution in Relation to the Contractually Required Contribution	(666,320)	(679,639)	(701,216)
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
District's Covered Payroll	\$ 20,020,235	\$ 21,102,211	\$ 22,042,990
Contributions as a Percentage of Covered Payroll	3.33%	3.22%	3.19%

Note: GASB 68, Paragraph 81 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding years.

Note: In accordance with GASB 68, Paragraph 138, the years of data presented this reporting period are those for which data is available. "The information for all periods for the 10-year schedules that are required to be presented as required supplementary information may not be available initially. In these 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 requirements of this Statement."

2016		2015	
\$	727,080	\$	674,877
	(727,080)		(674,877)
\$	-	\$	-
\$	21,806,824	\$	21,207,248
	3.33%		3.18%

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF THE DISTRICT'S PROPORTIONATE SHARE OF THE NET OPEB LIABILITY
TEACHER PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

	<u>FY 2019</u> <u>Plan Year 2018</u>	<u>FY 2018</u> <u>Plan Year 2017</u>
District's Proportion of the Net Liability (Asset) for Other Postemployment Benefits	0.025947984%	0.028696995%
District's Proportionate Share of Net OPEB Liability (Asset)	\$ 12,956,066	\$ 12,479,247
State's Proportionate Share of the Net OPEB Liability (Asset) Associated with the District	17,592,993	17,201,869
Total	<u>\$ 30,549,059</u>	<u>\$ 29,681,116</u>
District's Covered Payroll	\$ 20,811,764	\$ 22,068,972
District's Proportionate Share of the Net OPEB Liability (Asset) as a Percentage of its Covered Payroll	62.25%	56.55%
Plan Fiduciary Net Position as a Percentage of the Total OPEB Liability	1.57%	0.91%

Note: GASB Codification, Vol. 2, P50.238 states that the information on this schedule should be determined as of the measurement date. Therefore the amounts reported for FY 2019 are for the measurement date August 31, 2018. The amounts for FY 2018 are based on the August 31, 2017 measurement date.

This schedule shows only the years for which this information is available. Additional information will be added until 10 years of data are available and reported.

PAMPA INDEPENDENT SCHOOL DISTRICT
 SCHEDULE OF DISTRICT'S CONTRIBUTIONS FOR OTHER POSTEMPLOYMENT BENEFITS (OPEB)
 TEACHER PUBLIC SCHOOL RETIRED EMPLOYEES GROUP INSURANCE PROGRAM
 FOR FISCAL YEAR 2019

	2019	2018
Contractually Required Contribution	\$ 175,104	\$ 173,915
Contribution in Relation to the Contractually Required Contribution	(175,104)	(173,915)
Contribution Deficiency (Excess)	\$ -0-	\$ -0-
District's Covered Payroll	\$ 20,020,235	\$ 21,102,211
Contributions as a Percentage of Covered Payroll	0.87%	0.82%

Note: GASB Codification, Vol. 2, P50.238 requires that the data in this schedule be presented as of the District's respective fiscal years as opposed to the time periods covered by the measurement dates ending August 31 of the preceding year.

Information in this schedule should be provided only for the years where data is available. Eventually 10 years of data should be presented.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Teacher Retirement System of Texas Pension Plan (TRS):

Changes of Assumptions:

Assumptions, method, and plan changes which are specific to the Pension Trust Fund were updated from the prior year's report. The Net Pension Liability increased significantly since the prior measurement date due to a change in the following actuarial assumptions. The following were changes to the actuarial assumptions or other inputs that affected measurement of the total pension liability since the prior measurement period:

- The Total Pension Liability as of August 31, 2018 was developed using a roll-forward method from the August 31, 2017 valuation.
- Demographic assumptions including post-retirement mortality, termination rates, and rates of retirement were updated based on the experience study performed for TRS for the period ending August 31, 2017.
- Economic assumptions including rates of salary increase for individual participants was updated based on the same experience study.
- The discount rate changed from 8.0 percent as of August 31, 2017 to 6.907 percent as of August 31, 2018.
- The long-term assumed rate of return changed from 8.0 percent to 7.25 percent.
- The change in the long-term assumed rate of return combined with the change in the single discount rate was the primary reason for the increase in the Net Pension Liability.

Changes of Benefit Terms:

There were no changes of benefit terms that affected measurement of the total pension liability during the measurement period.

Texas Public School Retired Employees Group Insurance Program (TRS-Care):

Changes of Assumptions:

The following were changes to the actuarial assumptions or other inputs that affected measurement of the total OPEB liability since the prior measurement period:

- The total OPEB liability as of August 31, 2018 was developed using the roll forward method of the August 31, 2017 valuation.
- Adjustments were made for retirees that were known to have discontinued their health care coverage in fiscal year 2018. This change increased the total OPEB liability.
- The health care trend rate assumption was updated to reflect the anticipated return of the Health Insurer Fee (HIF) in 2020. This change increased the total OPEB liability.
- Demographic and economic assumptions were updated based on the experience study performed for TRS for the period ending August 31, 2017. This change increased the total OPEB liability.
- The discount rate changed from 3.42 percent as of August 31, 2017 to 3.69 percent, as of August 31, 2018. This change lowered the total OPEB liability \$2.3 billion.

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
FOR THE YEAR ENDED JUNE 30, 2019**

Texas Public School Retired Employees Group Insurance Program (TRS-Care) (continued):

Changes of Benefit Terms:

The 85th Legislature, Regular Session passed the following statutory changes which became effective on September 1, 2017:

- Created a high-deductible health plan that provides a zero cost for generic prescriptions for certain preventive drugs and provides a zero premium for disability retirees who retired as a disability retiree on or before January 1, 2017 and are not eligible to enroll in Medicare.
- Created a single Medicare Advantage plan and Medicare prescription drug plan for all Medicare-eligible participants.
- Allowed the System to provide other, appropriate health benefit plans to address the needs of enrollees eligible for Medicare.
- Allowed eligible retirees and their eligible dependents to enroll in TRS-Care when the retiree reaches 65 years of age, rather than waiting for the next enrollment period.
- Eliminated free coverage under TRS-Care, except for certain disability retirees enrolled during Plan Years 2018 through 2021, requiring members to contribute \$200 per month toward their health insurance premiums.

OTHER SUPPLEMENTARY INFORMATION

PAMPA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		205	211	224	225
		Head	ESEA I, A	IDEA - Part B	IDEA - Part B
		Start	Improving Basic Program	Formula	Preschool
ASSETS					
1240	Due from Other Governments	\$ 169,195	\$ 242,482	\$ -	\$ -
1260	Due from Other Funds	-	-	83,751	6,018
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 169,195</u>	<u>\$ 242,482</u>	<u>\$ 83,751</u>	<u>\$ 6,018</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ 2,499	\$ 354	\$ -
2160	Accrued Wages Payable	33,373	73,382	83,397	6,018
2170	Due to Other Funds	135,822	166,601	-	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>169,195</u>	<u>242,482</u>	<u>83,751</u>	<u>6,018</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 169,195</u>	<u>\$ 242,482</u>	<u>\$ 83,751</u>	<u>\$ 6,018</u>

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 LEP Summer School	289 ESL Summer School
\$ 9,851	\$ -	\$ 17,610	\$ 8,245	\$ 34,119	\$ 20,929	\$ -	\$ 9,731
-	365,017	44,339	-	-	-	-	-
-	-	-	-	-	-	-	-
-	88,353	-	-	-	-	-	-
<u>\$ 9,851</u>	<u>\$ 453,370</u>	<u>\$ 61,949</u>	<u>\$ 8,245</u>	<u>\$ 34,119</u>	<u>\$ 20,929</u>	<u>\$ -</u>	<u>\$ 9,731</u>
\$ 69	\$ 538	\$ 1,235	\$ -	\$ 2,122	\$ -	\$ -	\$ -
-	90,236	-	-	1,964	4,400	-	1,014
9,782	-	-	8,245	30,033	16,529	-	8,717
-	82,793	-	-	-	-	-	-
<u>9,851</u>	<u>173,567</u>	<u>1,235</u>	<u>8,245</u>	<u>34,119</u>	<u>20,929</u>	<u>-</u>	<u>9,731</u>
-	88,353	-	-	-	-	-	-
-	191,450	60,714	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>279,803</u>	<u>60,714</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 9,851</u>	<u>\$ 453,370</u>	<u>\$ 61,949</u>	<u>\$ 8,245</u>	<u>\$ 34,119</u>	<u>\$ 20,929</u>	<u>\$ -</u>	<u>\$ 9,731</u>

PAMPA INDEPENDENT SCHOOL DISTRICT
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
JUNE 30, 2019

Data Control Codes		313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 Instructional Materials Allotment	429 Math Achievement Grant
ASSETS					
1240	Due from Other Governments	\$ 552,508	\$ 6,339	\$ 516,991	\$ -
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	Total Assets	<u>\$ 552,508</u>	<u>\$ 6,339</u>	<u>\$ 516,991</u>	<u>\$ -</u>
LIABILITIES					
2110	Accounts Payable	\$ -	\$ -	\$ 313,446	\$ -
2160	Accrued Wages Payable	2,552	-	-	-
2170	Due to Other Funds	549,956	6,339	203,545	-
2300	Unearned Revenue	-	-	-	-
2000	Total Liabilities	<u>552,508</u>	<u>6,339</u>	<u>516,991</u>	<u>-</u>
FUND BALANCES					
Nonspendable Fund Balance:					
3410	Inventories	-	-	-	-
Restricted Fund Balance:					
3450	Federal or State Funds Grant Restriction	-	-	-	-
3490	Other Restricted Fund Balance	-	-	-	-
Committed Fund Balance:					
3545	Other Committed Fund Balance	-	-	-	-
3000	Total Fund Balances	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	Total Liabilities and Fund Balances	<u>\$ 552,508</u>	<u>\$ 6,339</u>	<u>\$ 516,991</u>	<u>\$ -</u>

437 SSA Special Education	461 Campus Activity Funds	485 Education Foundation Grant	489 Special Campus Projects	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 1,588,000
-	106,254	6,459	9,069	620,907
8,614	-	-	-	8,614
-	-	-	-	88,353
<u>\$ 8,614</u>	<u>\$ 106,254</u>	<u>\$ 6,459</u>	<u>\$ 9,069</u>	<u>\$ 2,305,874</u>
\$ -	\$ 41	\$ -	\$ -	\$ 320,304
-	-	-	-	296,336
8,614	-	-	-	1,144,183
-	-	-	-	82,793
<u>8,614</u>	<u>41</u>	<u>-</u>	<u>-</u>	<u>1,843,616</u>
-	-	-	-	88,353
-	-	-	-	252,164
-	-	6,459	9,069	15,528
-	106,213	-	-	106,213
<u>-</u>	<u>106,213</u>	<u>6,459</u>	<u>9,069</u>	<u>462,258</u>
<u>\$ 8,614</u>	<u>\$ 106,254</u>	<u>\$ 6,459</u>	<u>\$ 9,069</u>	<u>\$ 2,305,874</u>

PAMPA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	205 Head Start	211 ESEA I, A Improving Basic Program	224 IDEA - Part B Formula	225 IDEA - Part B Preschool
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-	-
5900 Federal Program Revenues	222,153	690,596	975,761	26,079
5020 Total Revenues	222,153	690,596	975,761	26,079
EXPENDITURES:				
Current:				
0011 Instruction	137,269	269,399	680,667	26,079
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	360,019	20,469	-
0021 Instructional Leadership	-	24,166	4,391	-
0023 School Leadership	-	100	-	-
0031 Guidance, Counseling and Evaluation Services	-	-	26,252	-
0033 Health Services	84,884	-	-	-
0034 Student (Pupil) Transportation	-	-	243,982	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	36,912	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-	-
6030 Total Expenditures	222,153	690,596	975,761	26,079
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

226 IDEA - Part B Discretionary	240 National Breakfast and Lunch Program	242 Summer Feeding Program	244 Career and Technical - Basic Grant	255 ESEA II,A Training and Recruiting	263 Title III, A English Lang. Acquisition	288 LEP Summer School	289 ESL Summer School
\$ -	\$ 339,204	\$ 82	\$ -	\$ -	\$ -	\$ -	\$ -
-	8,478	21,726	-	-	-	-	-
9,782	1,365,187	-	46,809	84,659	59,954	3,755	27,146
9,782	1,712,869	21,808	46,809	84,659	59,954	3,755	27,146
1,711	-	-	43,310	-	42,192	3,755	-
-	-	-	-	-	-	-	-
-	-	-	3,499	83,795	17,762	-	27,146
-	-	-	-	864	-	-	-
-	-	-	-	-	-	-	-
8,071	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	1,710,501	22,716	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	71,014	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
9,782	1,781,515	22,716	46,809	84,659	59,954	3,755	27,146
-	(68,646)	(908)	-	-	-	-	-
-	348,449	61,622	-	-	-	-	-
\$ -	\$ 279,803	\$ 60,714	\$ -	\$ -	\$ -	\$ -	\$ -

PAMPA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	313 SSA IDEA, Part B Formula	314 SSA IDEA, Part B Preschool	410 Instructional Materials Allotment	429 Math Achievement Grant
REVENUES:				
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	568,440	2,800
5900 Federal Program Revenues	1,049,642	27,533	-	-
5020 Total Revenues	1,049,642	27,533	568,440	2,800
EXPENDITURES:				
Current:				
0011 Instruction	24,854	-	531,610	2,800
0012 Instructional Resources and Media Services	-	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	36,830	-
0021 Instructional Leadership	-	-	-	-
0023 School Leadership	-	-	-	-
0031 Guidance, Counseling and Evaluation Services	8,312	-	-	-
0033 Health Services	-	-	-	-
0034 Student (Pupil) Transportation	-	-	-	-
0035 Food Services	-	-	-	-
0036 Extracurricular Activities	-	-	-	-
0041 General Administration	-	-	-	-
0051 Facilities Maintenance and Operations	-	-	-	-
0061 Community Services	-	-	-	-
Intergovernmental:				
0093 Payments to Fiscal Agent/Member Districts of SSA	1,016,476	27,533	-	-
6030 Total Expenditures	1,049,642	27,533	568,440	2,800
1200 Net Change in Fund Balance	-	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-	-
3000 Fund Balance - June 30 (Ending)	\$ -	\$ -	\$ -	\$ -

437 SSA Special Education	461 Campus Activity Funds	485 Education Foundation Grant	489 Special Campus Projects	Total Nonmajor Governmental Funds
\$ 8,614	\$ 67,567	\$ 6,535	\$ 3,750	\$ 425,752
-	-	-	-	601,444
-	-	-	-	4,589,056
8,614	67,567	6,535	3,750	5,616,252
-	21,082	7,293	75	1,792,096
-	3,311	338	-	3,649
-	732	-	-	550,252
8,614	-	-	-	38,035
-	6,085	-	-	6,185
-	-	-	-	42,635
-	-	-	-	84,884
-	-	-	-	243,982
-	-	-	-	1,733,217
-	28,553	-	-	28,553
-	2,497	-	2,968	5,465
-	-	-	-	71,014
-	23	-	-	36,935
-	-	-	-	1,044,009
8,614	62,283	7,631	3,043	5,680,911
-	5,284	(1,096)	707	(64,659)
-	100,929	7,555	8,362	526,917
\$ -	\$ 106,213	\$ 6,459	\$ 9,069	\$ 462,258

PAMPA INDEPENDENT SCHOOL DISTRICT
COMBINING STATEMENT OF NET POSITION
PRIVATE PURPOSE TRUST FUNDS
JUNE 30, 2019

	801 Harvester Scholarship Fund	802 Cavalier Scholarship Fund	803 Choir Scholarship Fund	804 Corneilson Scholarship Fund
ASSETS				
Cash and Cash Equivalents	\$ 8,189	\$ 714	\$ 3,875	\$ 38
Due from Other Funds	-	-	-	-
Total Assets	<u>8,189</u>	<u>714</u>	<u>3,875</u>	<u>38</u>
NET POSITION				
Restricted for Scholarships	<u>8,189</u>	<u>714</u>	<u>3,875</u>	<u>38</u>
Total Net Position	<u>\$ 8,189</u>	<u>\$ 714</u>	<u>\$ 3,875</u>	<u>\$ 38</u>

805 DECA Scholarship Fund	806 TACS Scholarship Fund	807 Lamar Scholarship Fund	808 PLC Scholarship Fund	Total Private Purpose Trust Funds
\$ 3,905	\$ 14,783	\$ 1,242	\$ 1,055	\$ 33,801
-	36	-	-	36
<u>3,905</u>	<u>14,819</u>	<u>1,242</u>	<u>1,055</u>	<u>33,837</u>
3,905	14,819	1,242	1,055	33,837
<u>\$ 3,905</u>	<u>\$ 14,819</u>	<u>\$ 1,242</u>	<u>\$ 1,055</u>	<u>\$ 33,837</u>

PAMPA INDEPENDENT SCHOOL DISTRICT
 COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
 PRIVATE PURPOSE TRUST FUNDS
 FOR THE YEAR ENDED JUNE 30, 2019

	801 Harvester Scholarship Fund	802 Cavalier Scholarship Fund	803 Choir Scholarship Fund	804 Corneilson Scholarship Fund
ADDITIONS:				
Local and Intermediate Sources	\$ 1,547	\$ 16	\$ 86	\$ -
Total Additions	<u>1,547</u>	<u>16</u>	<u>86</u>	<u>-</u>
DEDUCTIONS:				
Supplies and Materials	-	-	-	-
Other Operating Costs	<u>1,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Deductions	<u>1,190</u>	<u>-</u>	<u>-</u>	<u>-</u>
Change in Net Position	357	16	86	-
Total Net Position - July 1 (Beginning)	<u>7,832</u>	<u>698</u>	<u>3,789</u>	<u>38</u>
Total Net Position - June 30 (Ending)	<u>\$ 8,189</u>	<u>\$ 714</u>	<u>\$ 3,875</u>	<u>\$ 38</u>

805 DECA Scholarship Fund	806 TACS Scholarship Fund	807 Lamar Scholarship Fund	808 PLC Scholarship Fund	Total Private Purpose Trust Funds
\$ 86	\$ 3,506	\$ 27	\$ 25	\$ 5,293
86	3,506	27	25	5,293
-	-	-	80	80
-	-	-	-	1,190
-	-	-	80	1,270
86	3,506	27	(55)	4,023
3,819	11,313	1,215	1,110	29,814
\$ 3,905	\$ 14,819	\$ 1,242	\$ 1,055	\$ 33,837

REQUIRED TEA SCHEDULES

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF DELINQUENT TAXES RECEIVABLE
FISCAL YEAR ENDED JUNE 30, 2019

Last 10 Years	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2010 and prior years	Various	Various	\$ Various
2011	1.040000	0.328800	1,070,347,198
2012	1.040000	0.328800	1,059,589,503
2013	1.040000	0.269100	1,200,326,072
2014	1.040000	0.269100	1,288,347,451
2015	1.040000	0.269100	1,294,179,976
2016	1.040000	0.269100	1,268,060,546
2017	1.040000	0.269100	1,072,681,009
2018	1.040000	0.269100	1,080,639,562
2019 (School year under audit)	1.060000	0.265030	1,088,031,696
1000 TOTALS			

(10) Beginning Balance 7/1/2018	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2019
\$ 66,130	\$ -	\$ 341	\$ 78	\$ (19,161)	\$ 46,550
17,198	-	302	95	(101)	16,700
25,062	-	1,103	349	(101)	23,509
36,304	-	789	204	(322)	34,989
53,057	-	2,213	573	(456)	49,815
106,288	-	11,755	3,042	(198)	91,293
110,342	-	22,471	5,814	(232)	81,825
165,895	-	51,439	13,310	(446)	100,700
406,759	-	201,536	52,147	(7,531)	145,545
-	14,416,752	11,035,301	2,759,169	(204,402)	417,880
<u>\$ 987,035</u>	<u>\$ 14,416,752</u>	<u>\$ 11,327,250</u>	<u>\$ 2,834,781</u>	<u>\$ (232,950)</u>	<u>\$ 1,008,806</u>

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - CHILD NUTRITION PROGRAM
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 365,155	\$ 365,155	\$ 339,204	\$ (25,951)
5800 State Program Revenues	20,032	20,032	8,478	(11,554)
5900 Federal Program Revenues	1,351,200	1,368,475	1,365,187	(3,288)
5020 Total Revenues	1,736,387	1,753,662	1,712,869	(40,793)
EXPENDITURES:				
Current:				
0035 Food Services	1,716,878	1,730,655	1,710,501	20,154
0051 Facilities Maintenance and Operations	19,509	73,007	71,014	1,993
6030 Total Expenditures	1,736,387	1,803,662	1,781,515	22,147
1200 Net Change in Fund Balances	-	(50,000)	(68,646)	(18,646)
0100 Fund Balance - July 1 (Beginning)	348,449	348,449	348,449	-
3000 Fund Balance - June 30 (Ending)	\$ 348,449	\$ 298,449	\$ 279,803	\$ (18,646)

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL - DEBT SERVICE FUND
FOR THE YEAR ENDED JUNE 30, 2019

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
5700 Total Local and Intermediate Sources	\$ 2,593,128	\$ 2,595,378	\$ 2,911,660	\$ 316,282
5800 State Program Revenues	333,122	333,122	228,377	(104,745)
5020 Total Revenues	2,926,250	2,928,500	3,140,037	211,537
EXPENDITURES:				
Debt Service:				
0071 Principal on Long-Term Debt	1,355,000	1,355,000	1,355,000	-
0072 Interest on Long-Term Debt	1,571,250	1,571,250	1,571,250	-
0073 Bond Issuance Cost and Fees	-	2,250	2,250	-
6030 Total Expenditures	2,926,250	2,928,500	2,928,500	-
1200 Net Change in Fund Balances	-	-	211,537	211,537
0100 Fund Balance - July 1 (Beginning)	3,936,183	3,936,183	3,936,183	-
3000 Fund Balance - June 30 (Ending)	\$ 3,936,183	\$ 3,936,183	\$ 4,147,720	\$ 211,537

OVERALL COMPLIANCE AND INTERNAL CONTROLS SECTION



BROWN, GRAHAM & COMPANY

PROFESSIONAL CORPORATION
CERTIFIED PUBLIC ACCOUNTANTS

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

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Pampa Independent School District
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, each major fund, and the aggregate remaining fund information of Pampa Independent School District (the "District") as of and for the year ended June 30, 2019, and the related notes to the financial statements, which collectively comprise the District's basic financial statements, and have issued our report thereon dated October 21, 2019.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the District'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 District's internal control. Accordingly, we do not express an opinion on the effectiveness of the District'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 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 deficiencies, significant deficiencies or material weaknesses. 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.

Compliance and Other Matters

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

Board of Trustees
Pampa Independent School District
Page two

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.

We noted certain other matters that we have reported to management of the District in a separate letter dated October 21, 2019.

Brown, Graham & Company, P.C.

Amarillo, Texas
October 21, 2019



BROWN, GRAHAM & COMPANY

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REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR'S REPORT

**Board of Trustees
Pampa Independent School District
Pampa, Texas**

Report on Compliance for Each Major Federal Program

We have audited the compliance of Pampa Independent School District (the "District") with the types of compliance requirements described in the U.S. Office of Management and Budget ("OMB") *Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2019. The District's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance based for each of the District's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States; and the audit requirements of Title 2, Code of Federal Regulations ("CFR") Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* ("Uniform Guidance"). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the District's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination on the District's compliance with those requirements.

Opinion on Each Major Federal Program

In our opinion, the District complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended June 30, 2019.

Report on Internal Control Over Compliance

Management of the District is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the District's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program as a basis for designing auditing procedures that are appropriate in the circumstances for the purpose of expressing our opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the District's internal control over compliance.

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

Our consideration of internal control over compliance 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 compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance, accordingly this report is not suitable for any other purpose.

Brown, Graham & Company, P.C.

Amarillo, Texas
October 21, 2019

**PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED JUNE 30, 2019**

Section I: Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> _____ No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u> _____ None reported
Is any noncompliance material to the financial statements identified?	_____ Yes	_____ <u>X</u> _____ No

Federal Awards

Internal control over major federal programs:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> _____ No
Are any significant deficiencies identified?	_____ Yes	_____ <u>X</u> _____ None reported
Type of auditor's report issued on compliance for major federal programs: Unmodified		
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	_____ Yes	_____ <u>X</u> _____ No
Identification of major federal programs:		
CFDA Number(s):	Name of federal program or cluster:	
#84.027	IDEA, Part B, Formula	
#84.027	IDEA, Part B, Discretionary	
#84.173	IDEA, Part B, Preschool	
Dollar threshold used to distinguish between type A and type B programs:	_____ \$750,000 _____	
Auditee qualified as a low-risk auditee?	_____ <u>X</u> _____ Yes	_____ _____ No

Section II: Financial Statement Findings:

There were no financial statement findings for the year ended June 30, 2019.

Section III: Federal Awards Findings:

There were no federal awards findings for the year ended June 30, 2019.

**PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF STATUS OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED JUNE 30, 2019**

There were no material weaknesses, significant deficiencies, or instances of noncompliance required to be reported for the year ended June 30, 2018 for the District; consequently, no status update is applicable.

**PAMPA INDEPENDENT SCHOOL DISTRICT
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED JUNE 30, 2019**

There were no material weaknesses, significant deficiencies, or instances of noncompliance required to be reported for the year ended June 30, 2019 for the District; consequently, no corrective action plan is required.

PAMPA INDEPENDENT SCHOOL DISTRICT
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
U.S. DEPARTMENT OF EDUCATION			
<u>Passed Through State Department of Education</u>			
ESEA, Title I, Part A - Improving Basic Programs	84.010A	19 - 610101090904	\$ 729,111
*SSA - IDEA - Part B, Formula	84.027	19 - 660001090904600	1,090,356
*IDEA - Part B, Discretionary	84.027	090-904	9,782
Total CFDA Number 84.027			1,100,138
*SSA - IDEA - Part B, Preschool	84.173	19 - 661001090904600	28,987
Total Special Education Cluster (IDEA)			1,129,125
Career and Technical - Basic Grant	84.048	19 - 420006090904	48,645
Title III, Part A - English Language Acquisition	84.365A	19 - 671001090904	62,998
ESEA, Title II, Part A, Teacher Principal Training	84.367A	89380	89,380
LEP Summer School	84.369A	69551802	3,755
ESL Summer School	84.424A	19 - 680101090904	28,660
Total Passed Through State Department of Education			2,091,674
TOTAL U.S. DEPARTMENT OF EDUCATION			2,091,674
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
<u>Passed Through Region 16 Education Service Center</u>			
Head Start	93.600	06CHO219/29	222,153
Total Passed Through Region 16 Education Service Center			222,153
TOTAL U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			222,153
U.S. DEPARTMENT OF AGRICULTURE			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401901	382,977
*National School Lunch Program - Cash Assistance	10.555	71301901	844,309
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301901	137,901
Total CFDA Number 10.555			982,210
Total Child Nutrition Cluster			1,365,187
Total Passed Through the State Department of Agriculture			1,365,187
TOTAL U.S. DEPARTMENT OF AGRICULTURE			1,365,187
TOTAL EXPENDITURES OF FEDERAL AWARDS			\$ 3,679,014
*Clustered Programs			

See Accompanying Notes to the Schedule of Expenditures of Federal Awards

**PAMPA INDEPENDENT SCHOOL DISTRICT
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
FOR THE YEAR ENDED JUNE 30, 2019**

1. For all Federal programs, the District uses the fund types specified in Texas Education Agency's (TEA) *Financial Accountability System Resource Guide* ("Resource Guide"). Special revenue funds are used to account for resources restricted to, or designated for, specific purposes by a grantor. Federal and state financial assistance generally is accounted for in a Special Revenue Fund.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus. All federal grant funds are accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets. The modified accrual basis of accounting is used for the Governmental Fund types. This basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Federal grant funds are considered to be earned to the extent of expenditures are made under the provisions of the grant and, accordingly, when such funds are received, they are recorded as unearned revenues until earned.

3. \$91,798 of indirect costs are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column.
4. According to the Resource Guide, funds received from the School Health and Related Services (SHARS) program represent reimbursements to the District for school health based services which are not already provided to special education students enrolled in the Medicaid Program, and consequently these revenues in the amount of \$600,213 are not to be considered federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards. These revenues are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column.
5. Pampa is the fiscal agent for funds received under various Shared Service Arrangements (SSA's). The federal funds received under the SSA's involve the IDEA Part B, Formula and IDEA Part B, Preschool grants. In accordance with the accounting requirements under TEA's Resource Guide, the District accounts for these grant funds in fund numbers 313 and 314 respectively. The total funds received for all member districts of the SSA's are shown as federal revenue and expenditures in these funds. In addition, in accordance with TEA's Resource Guide, the District also accounts for its proportionate share of these grant funds in fund numbers 224 and 225 respectively. For purposes of presentation of the Schedule of Expenditures of Federal Awards, the amounts reported in funds 224 and 225 in the amounts of \$975,761 and \$26,079 respectively are excluded from the Schedule of Expenditures of Federal Awards. If the amounts accounted for in funds 224 and 225 were included in the Schedule of Expenditures of Federal Awards, they would be reported twice.