

**PAMPA INDEPENDENT SCHOOL DISTRICT**  
**ANNUAL FINANCIAL REPORT**  
**FOR THE YEAR ENDED JUNE 30, 2013**

**Brown, Graham & Company, P.C.**  
**7431 Continental Parkway**  
**Amarillo, Texas 79119**  
**(806)355-8241**

**PAMPA INDEPENDENT SCHOOL DISTRICT  
ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED JUNE 30, 2013**

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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, 2013, at a meeting of the board of trustees of such school district on the 24th day of October, 2013.

ss:// Dana Terry

\_\_\_\_\_  
Signature Board Secretary

ss:// Lee Porter

\_\_\_\_\_  
Signature of Board President



# **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
CERTIFIED PUBLIC ACCOUNTANTS

7431 Continental Parkway • Amarillo, Texas 79119  
P.O. Box 20210 • Amarillo, Texas 79114  
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## **UNQUALIFIED OPINION ON BASIC FINANCIAL STATEMENTS ACCOMPANIED BY REQUIRED SUPPLEMENTARY INFORMATION AND OTHER SUPPLEMENTARY INFORMATION INCLUDING THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

### **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, 2013, 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, 2013, 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 and budgetary comparison information on pages 5 through 10, and 51 respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, 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 U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations, 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. The 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 24, 2013 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 24, 2013

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**MANAGEMENT'S DISCUSSION AND ANALYSIS  
FOR THE YEAR ENDED JUNE 30, 2013**

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, 2013. 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 debt 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, 2013, while the Statement of Activities includes all the revenues and expenses generated by the District's operations during the fiscal year ended June 30, 2013. 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 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, co-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 No Child Left Behind 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 including a few 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 the assets reported in 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 decreased from \$26,092,377 to \$25,616,712. Total revenue was \$1,814,842 lower than the prior year, while total expenses were \$804,869 higher than in the prior year. A majority of the decrease in the District's revenues were attributable to approximately \$1,007,086 being received during the prior year for an oil and gas lease in Gray County and a lease bonus of land in Gaines County that benefits the District. The District did not have these revenues in the current year. The increase in expenditures occurred primarily in the instruction category.

The tax rate decreased from 1.3688 to 1.3091 for the current year. The overall assessed value of taxable property within the District increased from \$1,059,589,503 for the 2011 levy up to \$1,162,866,797 for the 2012 levy. The District's overall property tax revenues increased by \$801,000 on the Statement of Activities from the prior year. This was due primarily to higher property taxable values. For the fiscal year ended June 30, 2012, the District had collected approximately 99.63% of the 2011 levy through June 30, 2012. For the fiscal year ended June 30, 2013, the District had collected approximately 96.60% of the 2012 levy through June 30, 2013.

The District's long term liabilities decreased \$988,686, which was due primarily to \$1,095,000 of bonds being paid off during the year. Other liabilities were higher at the end of the fiscal year by \$866,013 from the prior year. Of this increase, \$1,009,168 was attributable to higher accounts payable, the majority of which pertained to the remodeling costs of the District's new administration building scheduled to be completed during the 2014 fiscal year. These liability accounts vary from year to year due to the timing of District purchases and fluctuations in grant activity from year to year. 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 \$12,369,196 on June 30, 2013. In fiscal year 2013, the District's expenses in all Governmental Activities exceeded revenue by a total of \$349,256.

**TABLE I  
NET POSITION**

	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
Current and other assets	\$ 22,730,000	\$ 21,626,556
Capital assets	57,080,628	58,782,410
Total assets	<u>79,810,628</u>	<u>80,408,966</u>
Long-term liabilities	49,039,983	50,028,669
Other liabilities	5,153,933	4,287,920
Total liabilities	<u>54,193,916</u>	<u>54,316,589</u>
Net Position:		
Invested in capital assets net of related debt	8,040,645	8,753,741
Restricted	5,206,871	6,386,922
Unrestricted net position	12,369,196	10,951,714
Total net position	<u>\$ 25,616,712</u>	<u>\$ 26,092,377</u>

**TABLE II**  
**CHANGES IN NET POSITION**

	<b>Governmental Activities 2013</b>	<b>Governmental Activities 2012</b>
Revenues:		
Program Revenues:		
Charges for services	\$ 873,308	\$ 900,405
Operating grants and contributions	5,701,257	6,479,966
Capital grants and contributions	-	245,553
General Revenues:		
Maintenance and operation taxes	12,025,006	10,896,325
Debt service taxes	3,051,341	3,379,022
State aid - formula grants	13,451,886	12,873,805
Investment earnings	101,208	88,510
Miscellaneous	230,083	1,254,379
Sale of assets	(1,159,658)	(28,692)
Total revenues	<u>34,274,431</u>	<u>36,089,273</u>
Expenses:		
Instruction, curriculum and media services	18,607,462	18,162,666
Instructional and school leadership	1,945,888	1,991,999
Student support services	1,978,405	1,844,186
Child nutrition	1,687,973	1,585,104
Extracurricular activities	1,294,138	1,258,207
General administration	1,275,886	1,343,535
Facilities maintenance, security, and data processing	3,946,215	3,824,213
Community services	246,283	236,214
Debt service	2,234,607	2,284,185
Capital outlay	300,496	255,116
Payments to fiscal agent/member districts of SSA	786,372	752,602
Other intergovernmental charges	319,962	280,791
Total Expenses	<u>34,623,687</u>	<u>33,818,818</u>
Increase (decrease) in net position	(349,256)	2,270,455
Net position at beginning of year	26,092,377	23,821,922
Prior period adjustment	(126,409)	-
Net position at end of year	<u>\$ 25,616,712</u>	<u>\$ 26,092,377</u>

The cost of all governmental activities this year was \$34,623,687 compared to \$33,818,818 last year. As shown in the Statement of Activities, the amount that our taxpayers ultimately financed for these activities through District taxes was \$15,076,347. Some of the costs, \$873,308, were paid by those who directly benefited from the programs. Other governments and organizations subsidized certain programs with grants and contributions in the amount of \$5,701,257, and the state equalization funding financed \$13,451,886.

## **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 \$18,058,692, which is an increase of \$217,735 from last year's total fund balance of \$17,840,957. The District's total revenues on the fund financial statements decreased by \$713,041 from the prior year. As noted earlier, the District had received in the prior year over \$1 million from a combination of oil and gas leases and a lease bonus on land that benefits the District which was one of the primary reasons for the decrease in revenue. In addition, the District had increased overall expenditures by \$669,157 from the prior year. The majority of the increase was in the Capital Projects Fund. This fund experienced an increase in expenditures of \$640,987, the majority of which was attributable to remodeling costs incurred for the District's new administration building.

The Board of Trustees revised the District's budget several times during the fiscal year. These amendments included minor adjustments among functions; to add to capital outlays made during the year; and to adjust local, state, and federal revenues. The amendments to the expenditures amounted to \$1,353,128, or 5.49% more than what was estimated in the originally adopted budget.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### **Capital Assets**

At the end of 2013, the District had approximately \$57 million invested in a broad range of capital assets, including facilities and equipment for instruction, transportation, athletics, administration, and maintenance, net of accumulated depreciation.

In November of 2006 the District's voters approved the issuance of \$47,000,000 in bonds, the proceeds of which were to be used for renovations and new construction, the majority of which was used to renovate Pampa High School and to construct the new Pampa Junior High School.

The District had tentatively planned to renovate the old Junior High School building once the new Junior High was completed and use it for the District's administrative offices. After consulting with architects and other professionals, it was determined that using the old Junior High would not be feasible; as a result, the District sold the old Junior High building during the current year. The District purchased an existing building and is currently in the processing of remodeling the building, which eventually will become the District's central administrative offices. The project is scheduled to be completed during the 2014 fiscal year.

### **Debt**

At year-end, the District had \$48,720,000 in bonds outstanding versus \$49,815,000 last year – a decrease of 2.20%. More information on the District's long-term debt can be found in Note II.G in the notes to the financial statements.

## **ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES**

The District's elected and appointed officials considered many factors when setting the fiscal-year 2014 budget and tax rates. The 2014 budget was adopted in June, 2013 for the fiscal year July 1, 2013 through June 30, 2014. A conservative approach to estimated revenue and expenses was taken by the Board of Trustees. The Board of Trustees adopted a tax rate of \$1.04 per \$100 valuation for maintenance and operation and \$.2691 per \$100 valuation for debt service. The maintenance and operation tax rate is the highest tax allowed by law without a rollback election. The total value of taxable properties within the District as determined by the Gray County Appraisal District is approximately \$111,000,000 higher than over the prior year values.

The District's primary instructional resources are Professional Learning Communities (PLC's) and Teams. District Teams include the vertical and horizontal curriculum alignment teams, instructional material allotment committee, and response to intervention teams. Once these teams have researched and approved instructional resources they are categorized in tiers, and teachers work in their PLCs to design learning. The PLC work is focused on teacher learning and improving the learning of students. The District continues to be the largest employer within the City of Pampa.

The District is remodeling a building for new administrative offices, it is anticipated that the District will need to transfer approximately \$3,000,000 from the committed fund balance to complete the project.

## **CONTACTING THE DISTRICT'S FINANCIAL MANAGEMENT**

This financial report is designed to provide our citizens, taxpayers, customers, and 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, 321 West Albert, Pampa, Texas 79065.

**GOVERNMENT-WIDE FINANCIAL STATEMENTS**

PAMPA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF NET POSITION  
JUNE 30, 2013

Data Control Codes	Primary Government  Governmental Activities
<b>ASSETS</b>	
1110 Cash and Cash Equivalents	\$ 17,004,763
1220 Property Taxes Receivable (Delinquent)	873,099
1230 Allowance for Uncollectible Taxes	(523,859)
1240 Due from Other Governments	4,956,129
1290 Other Receivables, net	93,284
1300 Inventories	92,311
1410 Prepayments	234,273
Capital Assets:	
1510 Land	515,626
1520 Buildings, Net	52,382,225
1530 Furniture and Equipment, Net	2,111,122
1580 Construction in Progress	2,071,655
1000 Total Assets	79,810,628
<b>LIABILITIES</b>	
2110 Accounts Payable	1,241,674
2140 Interest Payable	831,865
2150 Payroll Deductions & Withholdings	332,058
2160 Accrued Wages Payable	2,532,094
2177 Due to Fiduciary Funds	10,451
2200 Accrued Expenses	159,003
2300 Unearned Revenue	46,788
Noncurrent Liabilities	
2501 Due Within One Year	1,140,000
2502 Due in More Than One Year	47,899,983
2000 Total Liabilities	54,193,916
<b>NET POSITION</b>	
3200 Net Investment in Capital Assets	8,040,645
3820 Restricted for Federal and State Programs	11,505
3850 Restricted for Debt Service	3,746,832
3860 Restricted for Capital Projects	1,448,534
3900 Unrestricted	12,369,196
3000 Total Net Position	\$ 25,616,712

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, 2013

EXHIBIT B-1

Data Control Codes	1	Program Revenues		6
Codes	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities

**Primary Government:**

GOVERNMENTAL ACTIVITIES:

11 Instruction	\$ 17,508,337	\$ 121,847	\$ 2,550,292	\$ (14,836,198)
12 Instructional Resources and Media Services	356,797	5,514	17,903	(333,380)
13 Curriculum and Staff Development	742,328	1,103	321,553	(419,672)
21 Instructional Leadership	239,668	7,804	28,179	(203,685)
23 School Leadership	1,706,220	4,411	75,826	(1,625,983)
31 Guidance, Counseling and Evaluation Services	1,035,848	3,170	79,111	(953,567)
32 Social Work Services	108,808	-	6,997	(101,811)
33 Health Services	346,819	-	92,441	(254,378)
34 Student (Pupil) Transportation	486,930	-	19,552	(467,378)
35 Food Services	1,687,973	578,568	1,233,640	124,235
36 Extracurricular Activities	1,294,138	127,325	50,869	(1,115,944)
41 General Administration	1,275,886	-	85,133	(1,190,753)
51 Facilities Maintenance and Operations	3,168,922	23,566	93,631	(3,051,725)
52 Security and Monitoring Services	139,285	-	3,476	(135,809)
53 Data Processing Services	638,008	-	91,431	(546,577)
61 Community Services	246,283	-	102,686	(143,597)
72 Debt Service - Interest on Long Term Debt	2,233,807	-	-	(2,233,807)
73 Debt Service - Bond Issuance Cost and Fees	800	-	-	(800)
81 Capital Outlay	300,496	-	62,165	(238,331)
93 Payments related to Shared Services Arrangements	786,372	-	786,372	-
99 Other Intergovernmental Charges	319,962	-	-	(319,962)
<b>[TP] TOTAL PRIMARY GOVERNMENT:</b>	<b>\$ 34,623,687</b>	<b>\$ 873,308</b>	<b>\$ 5,701,257</b>	<b>(28,049,122)</b>

Data Control Codes	General Revenues:	
	Taxes:	
MT	Property Taxes, Levied for General Purposes	12,025,006
DT	Property Taxes, Levied for Debt Service	3,051,341
SF	State Aid - Formula Grants	13,451,886
IE	Investment Earnings	101,208
MI	Miscellaneous Local and Intermediate Revenue	230,083
FR	Sale/Disposal of Capital Assets	(1,159,658)
TR	Total General Revenues & Transfers	27,699,866
CN	Change in Net Position	(349,256)
NB	Net Position - Beginning	26,092,377
PA	Prior Period Adjustment - GASB 65 Implementation	(126,409)
NE	Net Position--Ending	\$ 25,616,712

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, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>ASSETS</b>			
1110 Cash and Cash Equivalents	\$ 10,288,064	\$ 4,345,152	\$ 2,371,547
1220 Property Taxes - Delinquent	705,107	167,992	-
1230 Allowance for Uncollectible Taxes (Credit)	(423,064)	(100,795)	-
1240 Receivables from Other Governments	4,186,206	166,348	-
1260 Due from Other Funds	1,661,560	-	673,284
1290 Other Receivables	92,871	-	-
1300 Inventories	20,515	-	-
1410 Prepayments	234,273	-	-
1000 Total Assets	<u>\$ 16,765,532</u>	<u>\$ 4,578,697</u>	<u>\$ 3,044,831</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ 274,688	\$ -	\$ 923,013
2150 Payroll Deductions and Withholdings Payable	332,058	-	-
2160 Accrued Wages Payable	2,269,544	-	-
2170 Due to Other Funds	2,439,382	1,204,274	-
2200 Accrued Expenditures	159,003	-	-
2300 Unearned Revenues	4,215	-	-
2000 Total Liabilities	<u>5,478,890</u>	<u>1,204,274</u>	<u>923,013</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
2601 Unavailable Revenue - Property Taxes	282,043	67,197	-
2600 Total Inflows of Resources	<u>282,043</u>	<u>67,197</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable Fund Balance:			
3410 Inventories	20,515	-	-
3430 Prepaid Items	234,273	-	-
Restricted Fund Balance:			
3450 Federal or State Funds Grant Restriction	-	-	-
3470 Capital Acquisition and Contractual Obligation	-	-	2,121,818
3480 Retirement of Long-Term Debt	-	3,307,226	-
3490 Other Restricted Fund Balance	-	-	-
Committed Fund Balance:			
3545 Other Committed Fund Balance	-	-	-
Assigned Fund Balance:			
3550 Construction	5,749,811	-	-
3570 Capital Expenditures for Equipment	1,000,000	-	-
3590 Other Assigned Fund Balance	500,000	-	-
3600 Unassigned Fund Balance	3,500,000	-	-
3000 Total Fund Balances	<u>11,004,599</u>	<u>3,307,226</u>	<u>2,121,818</u>
4000 Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 16,765,532</u>	<u>\$ 4,578,697</u>	<u>\$ 3,044,831</u>

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

Other Funds	Total Governmental Funds
\$ -	\$ 17,004,763
-	873,099
-	(523,859)
603,575	4,956,129
1,767,329	4,102,173
413	93,284
71,796	92,311
-	234,273
<u>\$ 2,443,113</u>	<u>\$ 26,832,173</u>
\$ 43,973	\$ 1,241,674
-	332,058
262,550	2,532,094
468,968	4,112,624
-	159,003
42,573	46,788
<u>818,064</u>	<u>8,424,241</u>
-	349,240
<u>-</u>	<u>349,240</u>
71,796	92,311
-	234,273
1,373,159	1,373,159
-	2,121,818
-	3,307,226
16,931	16,931
163,163	163,163
-	5,749,811
-	1,000,000
-	500,000
-	3,500,000
<u>1,625,049</u>	<u>18,058,692</u>
<u>\$ 2,443,113</u>	<u>\$ 26,832,173</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
STATEMENT OF NET POSITION  
JUNE 30, 2013

<b>Total Fund Balances - Governmental Funds</b>	\$	18,058,692
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 \$84,080,514 and the accumulated depreciation was \$25,298,104. In addition, long-term liabilities, including bonds payable in the amount of \$49,815,000, unamortized premium on the issuance of bonds in the amount of \$213,669, and accrued interest on bonds in the amount of \$847,592 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.		7,906,149
2 Current year capital outlays in the amount of \$2,015,660 and long-term debt principal payments in the amount of \$1,095,000 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 2013 capital outlays and debt principal payments is to increase net position.		3,110,660
3 The 2013 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.		(2,486,084)
4 During the year, the District removed capital assets that were either sold or no longer in service. The cost of the assets disposed of was \$4,478,610, and the accumulated depreciation on these assets was \$3,247,252. The net effect of removing the capital assets, net of accumulated depreciation, was to decrease net position.		(1,231,358)
5 During the year, the District implemented Governmental Accounting Standards Board Statement No. 65, <i>Items Previously Reported as Assets and Liabilities</i> ("GASB 65"). GASB 65 established new accounting standards for the reporting of bond issuance costs. Debt issuance costs are now required to be reported as an expense in the year incurred. GASB 65 requires that this statement be applied by restating unamortized bond issuance costs from previous years as a decrease in beginning net position.		(126,409)
6 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, eliminating interfund transactions and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		385,062
<b>19 Net Position of Governmental Activities</b>	<u>\$</u>	<u>25,616,712</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 BALANCE  
GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	10 General Fund	50 Debt Service Fund	60 Capital Projects
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ 12,408,616	\$ 3,176,122	\$ 3,614
5800 State Program Revenues	14,123,123	388,630	-
5900 Federal Program Revenues	318,833	-	-
5020 Total Revenues	<u>26,850,572</u>	<u>3,564,752</u>	<u>3,614</u>
<b>EXPENDITURES:</b>			
<b>Current:</b>			
0011 Instruction	14,512,989	-	-
0012 Instructional Resources and Media Services	320,068	-	-
0013 Curriculum and Instructional Staff Development	369,005	-	-
0021 Instructional Leadership	190,846	-	-
0023 School Leadership	1,562,200	-	-
0031 Guidance, Counseling and Evaluation Services	933,599	-	-
0032 Social Work Services	97,983	-	-
0033 Health Services	239,184	-	-
0034 Student (Pupil) Transportation	448,287	-	-
0035 Food Services	-	-	-
0036 Extracurricular Activities	1,155,984	-	-
0041 General Administration	1,177,739	-	-
0051 Facilities Maintenance and Operations	3,054,087	-	-
0052 Security and Monitoring Services	128,231	-	-
0053 Data Processing Services	589,959	-	-
0061 Community Services	128,808	-	-
<b>Debt Service:</b>			
0071 Principal on Long Term Debt	-	1,095,000	-
0072 Interest on Long Term Debt	-	2,269,629	-
0073 Bond Issuance Cost and Fees	-	800	-
<b>Capital Outlay:</b>			
0081 Facilities Acquisition and Construction	344,279	-	1,569,616
<b>Intergovernmental:</b>			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
0099 Other Intergovernmental Charges	319,962	-	-
6030 Total Expenditures	<u>25,573,210</u>	<u>3,365,429</u>	<u>1,569,616</u>
1100 Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,277,362</u>	<u>199,323</u>	<u>(1,566,002)</u>
<b>OTHER FINANCING SOURCES (USES):</b>			
7912 Sale of Real and Personal Property	75,000	-	-
8911 Transfers Out (Use)	(3,300)	-	-
7080 Total Other Financing Sources (Uses)	<u>71,700</u>	<u>-</u>	<u>-</u>
1200 Net Change in Fund Balances	1,349,062	199,323	(1,566,002)
0100 Fund Balance - July 1 (Beginning)	<u>9,655,537</u>	<u>3,107,903</u>	<u>3,687,820</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 11,004,599</u>	<u>\$ 3,307,226</u>	<u>\$ 2,121,818</u>

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

Other Funds	Total Governmental Funds
\$ 760,559	\$ 16,348,911
257,046	14,768,799
3,993,577	4,312,410
<u>5,011,182</u>	<u>35,430,120</u>
1,625,455	16,138,444
8,414	328,482
314,412	683,417
29,802	220,648
8,614	1,570,814
20,044	953,643
2,190	100,173
80,111	319,295
-	448,287
1,592,342	1,592,342
50,022	1,206,006
2,873	1,180,612
23,478	3,077,565
-	128,231
75,929	665,888
97,930	226,738
-	1,095,000
-	2,269,629
-	800
57,842	1,971,737
786,372	786,372
-	319,962
<u>4,775,830</u>	<u>35,284,085</u>
<u>235,352</u>	<u>146,035</u>
-	75,000
-	(3,300)
-	71,700
<u>235,352</u>	<u>217,735</u>
<u>1,389,697</u>	<u>17,840,957</u>
<u>\$ 1,625,049</u>	<u>\$ 18,058,692</u>

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, 2013

<b>Total Net Change in Fund Balances - Governmental Funds</b>	\$	217,735
Current year capital outlays in the amount of 2,015,660 and long-term debt principal payments in the amount of \$1,095,000 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 2013 capital outlays and debt principal payments is to increase net position.		3,110,660
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.		(2,486,084)
During the year, the District removed capital assets that were either sold or no longer in service. The cost of these assets was \$4,478,610, and the accumulated depreciation on those assets was \$3,247,252. The net effect of removing the capital assets, net of accumulated depreciation was to decrease net position.		(1,231,358)
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, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with maturing long-term debt and interest. The net effect of these reclassifications and recognitions is to increase net position.		39,791
<b>Change in Net Position of Governmental Activities</b>	<u>\$</u>	<u>(349,256)</u>

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, 2013

	Private Purpose Trust Funds	Agency Fund
<b>ASSETS</b>		
Cash and Cash Equivalents	\$ 17,428	\$ 108,142
Due from Other Funds	-	10,451
Total Assets	<u>17,428</u>	<u>\$ 118,593</u>
<b>LIABILITIES</b>		
Due to Student Groups	-	\$ 118,593
Total Liabilities	<u>-</u>	<u>\$ 118,593</u>
<b>NET POSITION</b>		
Restricted for Scholarships	<u>17,428</u>	
Total Net Position	<u>\$ 17,428</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, 2013

	Private Purpose Trust Funds
<hr/>	
ADDITIONS:	
Local and Intermediate Sources	\$ 974
Transfer In	3,300
Total Additions	4,274
DEDUCTIONS:	
Other Operating Costs	1,175
Total Deductions	1,175
Change in Net Position	3,099
Total Net Position - July 1 (Beginning)	14,329
Total Net Position - June 30 (Ending)	\$ 17,428

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, 2013**

**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 *Statement on Auditing Standards No. 69* 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 Statement No. 14, *The Financial Reporting Entity*. 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, 2013**

**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, current liabilities 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.

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, 2013**

**I. Summary of Significant Accounting Policies (continued):**

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

The District applies all applicable GASB pronouncements as well as all private-section standards of accounting and financial reporting issued prior to December 1, 1989 to the extent that those standards do not conflict with or contradict guidance of the GASB. Governments also have the option of following subsequent private-sector guidance subject to this same limitation. The District has elected not to follow subsequent private-section guidance.

**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.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**I. Summary of Significant Accounting Policies (continued):**

**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-3 and J-4, respectively.

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.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

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, 2013, the amount of supplies on hand is \$92,311.
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 2013, 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.
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, furniture and equipment are reported in the applicable governmental or business-type 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.

Buildings, furniture and equipment 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
Vehicles	5-15
Furniture and equipment	5-30

7. Unearned revenue arises when assets are recognized before revenue recognition criteria have been satisfied.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**I. Summary of Significant Accounting Policies (continued):**

**F. Other Accounting Policies (continued)**

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. If material, 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.

9. On the government-wide financial statements, the District's Net Position invested in capital assets, net of related debt and restricted Net Position are as follows:

Invested in Capital Assets, Net of Related Debt:

Land	\$ 515,626
Buildings, net	52,382,225
Furniture and equipment, net	2,111,122
Construction in progress	2,071,655
Bonds payable and unamortized premium on issuance	(49,039,983)
Invested in capital assets, net of related debt	<u>\$ 8,040,645</u>

Restricted for Federal and State Programs:

Due from other governments	\$ 19,676
Accounts payable	(8,171)
Net position restricted for federal and state programs	<u>\$ 11,505</u>

Restricted for Debt Service:

Cash and cash equivalents	\$ 4,345,152
Property taxes receivable, net	67,197
Due from other governments	166,348
Accrued interest payable	(831,865)
Net position restricted for capital projects	<u>\$ 3,746,832</u>

Restricted for Capital Projects:

Cash and cash equivalents	\$ 2,371,547
Accounts payable	(923,013)
Net position restricted for capital projects	<u>\$ 1,448,534</u>



**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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, if present. 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 did not have anything that qualifies for reporting in this category for the year ended June 30, 2013.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) which will not be recognized as an inflow of resources (revenue) until that time. The District has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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, 2013, 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, 2013**

**II. Detailed Notes on All Funds and Account Groups:**

**A. Deposits and Investments**

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) bankers 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.

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.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**A. Deposits and Investments (continued)**

As of June 30, 2013, the District's investments consisted of the following:

<u>Type</u>	<u>Standard &amp; Poor's Rating</u>	<u>Carrying Amount</u>
<b>Fund Financial Statements:</b>		
TexPool	AAAm	\$ 2,512,553
TexSTAR	AAAm	1,956,452
Lone Star	AAA	2,122
		<u>\$ 4,471,127</u>

**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, 2013, the District made transfers to private purpose trust funds to cover fund deficits accumulated from previous years.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**D. Interfund Balances and Transfers (continued)**

The District reported the following interfund balances on the fund financial statements as of June 30, 2013:

**Due to General Fund from:**

Nonmajor Special Revenue Funds	\$ 457,286
Debt Service Fund	1,204,274
Total	<u>\$ 1,661,560</u>

**Due to Capital Projects Fund from:**

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

General Fund	\$ 1,766,098
Nonmajor Special Revenue Funds	1,231
	<u>\$ 1,767,329</u>

**Due to Trust and Agency Funds from:**

Nonmajor Special Revenue Funds	<u>\$ 10,451</u>
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The District reported the following transfers between funds on the financial statements as of June 30, 2013:

**Transfers to Private Purpose Trust Funds from:**

General Fund	<u>\$ 3,300</u>
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**E. Disaggregation of Receivables and Payables**

Receivables in the Fund Financial Statements at June 30, 2013, were as follows:

	<b>Property Taxes</b>	<b>Due from Other Governments</b>	<b>Due From Other Funds</b>	<b>Other</b>	<b>Total Receivables</b>
<b>Governmental Activities:</b>					
General Fund	\$ 705,107	\$ 4,186,206	\$ 1,661,560	\$ 92,871	\$ 6,645,744
Debt Service Fund	167,992	166,348	-	-	334,340
Capital Projects	-	-	673,284	-	673,284
Non-major Governmental Funds	<u>-</u>	<u>603,575</u>	<u>1,767,329</u>	<u>413</u>	<u>2,371,317</u>
Total - Governmental Activities	<u>\$ 873,099</u>	<u>\$ 4,956,129</u>	<u>\$ 4,102,173</u>	<u>\$ 93,284</u>	<u>\$ 10,024,685</u>
Amounts not scheduled for collection during the subsequent year	<u>\$ 523,859</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 523,859</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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, 2013, were as follows:

	<b>Accounts Payable and</b>			
	<b>Accrued Expenses</b>	<b>Salaries and Benefits</b>	<b>Due to Other Funds</b>	<b>Total Payables</b>
<b>Governmental Activities:</b>				
General Fund	\$ 433,691	\$ 2,601,602	\$ 2,439,382	\$ 5,474,675
Debt Service Fund	-	-	1,204,274	1,204,274
Capital Projects	923,013	-	-	923,013
Non-major Governmental Funds	43,973	262,550	468,968	775,491
	<u>1,400,677</u>	<u>2,864,152</u>	<u>4,112,624</u>	<u>8,377,453</u>
Total - Governmental Activities	<u>\$ 1,400,677</u>	<u>\$ 2,864,152</u>	<u>\$ 4,112,624</u>	<u>\$ 8,377,453</u>

**F. Capital Asset Activity**

Capital asset activity for the District for the year ended June 30, 2013, was as follows:

	<b>Balance 07/01/12</b>	<b>Additions</b>	<b>Adjustments &amp; Retirements</b>	<b>Balance 06/30/13</b>
<b>Governmental activities</b>				
Capital assets, not being depreciated				
Land	\$ 565,066	\$ -	\$ (49,440)	\$ 515,626
Construction in Progress	552,030	1,704,830	(185,205)	2,071,655
Total capital assets not being depreciated	<u>1,117,096</u>	<u>1,704,830</u>	<u>(234,645)</u>	<u>2,587,281</u>
Capital assets, being depreciated				
Buildings and improvements	78,646,781	189,829	(4,078,844)	74,757,766
Furniture and equipment	4,316,637	176,854	(220,974)	4,272,517
Total capital assets being depreciated	<u>82,963,418</u>	<u>366,683</u>	<u>(4,299,818)</u>	<u>79,030,283</u>
Less: accumulated depreciation for:				
Buildings and improvements	23,239,965	2,240,039	(3,104,463)	22,375,541
Furniture and equipment	2,058,139	246,045	(142,789)	2,161,395
Total accumulated depreciation	<u>25,298,104</u>	<u>2,486,084</u>	<u>(3,247,252)</u>	<u>24,536,936</u>
Total capital assets, being depreciated, net	<u>57,665,314</u>	<u>(2,119,401)</u>	<u>(1,052,566)</u>	<u>54,493,347</u>
Governmental activities capital assets, net	<u>\$ 58,782,410</u>	<u>\$ (414,571)</u>	<u>\$ (1,287,211)</u>	<u>\$ 57,080,628</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

**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	\$ 1,391,147
Instructional Resources and Media Services	28,315
Curriculum and Instruction Staff Development	58,911
Instructional Leadership	19,020
School Leadership	135,406
Guidance, Counseling and Evaluation Services	82,205
Social Work Services	8,635
Health Services	27,524
Student (Pupil) Transportation	38,643
Food Services	137,261
Co-curricular/Extracurricular Activities	103,959
General Administration	101,770
Plant Maintenance and Operations	265,289
Security and Monitoring Services	11,054
Data Processing Services	57,400
Community Services	<u>19,545</u>
 Total Depreciation Expense	 <u><u>\$ 2,486,084</u></u>

**G. Bonds Payable**

The District accounts for long-term debt for maintenance purposes through the General Fund.

At June 30, 2013, the District had bonds payable as described below:

On April 28, 2005, the District issued \$6,219,996 of Unlimited Tax Refunding Bonds, Series 2005 (the "2005 Bonds") to advance refund \$6,220,000 of School Building Unlimited Tax Bonds, Series 1997 (the "1997 Bonds") in order to achieve debt service savings. The 1997 Bond maturities that were refunded were the 2008 through 2022 maturities, with interest rates ranging from 5.0% to 7.0%.

The net proceeds from the issuance of the 2005 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 1997 Bonds have been refunded. The advance refunding met the requirements of an in-substance defeasance, and therefore, the 1997 Bonds redeemed have been removed from the District's government-wide financial statements. The amount of defeased bonds outstanding as of June 30, 2013 was \$-0-.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**G. Bonds Payable (continued)**

The 2005 Bonds consist of two types of bonds, \$5,995,000 of current interest bonds, and \$224,996 of capital appreciation bonds. The current interest bonds bear interest at rates from 3.00% to 4.375%, and have maturity dates from August 15, 2005 through August 15, 2022. The capital appreciation bonds had maturity dates of August 15, 2008 and August 15, 2009, and unlike most bonds which pay interest semi-annually over the life of the bond, the capital appreciation bonds do not pay interest until maturity. As of June 30, 2010, all capital appreciation bonds had been paid in full by the District.

In a previous year, the District issued \$46,730,000 of Unlimited Tax School Building Bonds, Series 2007. Proceeds from the sale of the bonds are being 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, along with the underwriter's discount of \$477,884 are being amortized over the life of the bonds using the effective interest rate method. 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 the current year, the District implemented Governmental Accounting Standards Board Statement No. 65, *Items Previously Reported as Assets and Liabilities* ("GASB 65") as discussed further below in Note AA. The District removed the remaining unamortized balance of bond issuance costs of \$126,409 as a reduction in the beginning of year net position for the District.

Bond indebtedness of the District is 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.

There are a number of limitations and restrictions contained in the bond indenture. The District's administrators believe that the District is in compliance with all significant limitations and restrictions at June 30, 2013.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**G. Bonds Payable (continued)**

A summary of changes in bonds payable for the year ended June 30, 2013, is as follows:

<u>Bonds Payable</u>	<u>Bond Issue Date</u>	<u>Interest Rate Payable</u>	<u>Interest Paid Current Year</u>	<u>Payable/ Amounts Outstanding 07/01/12</u>	<u>Additions</u>	<u>Retired/ Amortized</u>	<u>Payable/ Amounts Outstanding 06/30/13</u>
Unlimited Tax Refunding Bond Series 2005 Current Interest Bonds (original amount of \$5,995,000)	4/28/2005	3.00% to 4.375%	\$ 200,835	\$ 5,090,000	\$ -	\$ 365,000	\$ 4,725,000
School Building Unlimited Tax Bonds, Series 2007 (original amount of \$46,730,000)	2/15/2007	4.00% to 5.00%	<u>2,068,794</u>	<u>44,725,000</u>	<u>-</u>	<u>730,000</u>	<u>43,995,000</u>
Total Bonds Payable			<u>2,269,629</u>	<u>49,815,000</u>	<u>-</u>	<u>1,095,000</u>	<u>48,720,000</u>
Net unamortized premium on bond issuance *				<u>\$ 340,078</u>	<u>\$ -</u>	<u>\$ 20,095</u>	<u>\$ 319,983</u>
Net unamortized premium on bonds as previously reported ** Prior period adjustment for GASB 65 implementation				<u>\$ 213,669</u> <u>126,409</u>			
Net unamortized premium on bonds - beginning of year - as adjusted				<u>\$ 340,078</u>			

\* 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

\*\* The District had previously reported the net amount of bond issuance costs, premiums on bond issuance, and underwriter's discount as one net amount which was included along with the bonds payable balance outstanding. During the year, the District implemented GASB 65. As a result, the unamortized bond issuance costs were required to be removed and taken against beginning net position. The District is restating the beginning net unamortized premium on bond issuance shown above accordingly.



**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**G. Bonds Payable (continued)**

Debt service requirements for bonds payable are as follows:

<b>Year Ended June 30,</b>	<b>Principal</b>	<b>Interest</b>	<b>Total Requirements</b>
2014	\$ 1,140,000	\$ 2,226,554	\$ 3,366,554
2015	1,185,000	2,181,260	3,366,260
2016	1,225,000	2,133,554	3,358,554
2017	1,275,000	2,079,354	3,354,354
2018	1,340,000	2,022,626	3,362,626
2019-2023	7,535,000	9,228,699	16,763,699
2024-2028	9,080,000	7,371,575	16,451,575
2029-2033	11,430,000	4,963,984	16,393,984
2034-2038	14,510,000	1,813,362	16,323,362
<b>Total</b>	<b>\$ 48,720,000</b>	<b>\$ 34,020,968</b>	<b>\$ 82,740,968</b>

**H. Operating Leases**

The District leases copy machines and equipment under various non-cancelable operating leases. Total lease expense for such leases was \$278,119 for the year ended June 30, 2013. The future minimum lease payments for these leases are as follows:

Year ending June 30,	<b>Computer Lease</b>	<b>Copier Lease</b>	<b>Total</b>
2014	\$ 82,863	\$ 77,484	\$ 160,347
2015	-	77,484	77,484
2016	-	77,484	77,484
2017	-	6,456	6,456
	<b>\$ 82,863</b>	<b>\$ 238,908</b>	<b>\$ 321,771</b>

**I. Unearned Revenues**

Unearned revenues at year-end in the Fund Financial Statements consisted of the following:

	<b>General Fund</b>	<b>Other Funds</b>	<b>Total</b>
Food commodity revenue	\$ -	\$ 37,125	\$ 37,125
Instructional materials allotment	-	5,448	5,448
Gifts and bequests	4,215	-	4,215
Totals	<b>\$ 4,215</b>	<b>\$ 42,573</b>	<b>\$ 46,788</b>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**J. Deferred Inflows of Resources**

Unavailable revenues at year-end in the Fund Financial Statements consisted of the following:

	<u>General Fund</u>	<u>Debt Service</u>	<u>Total</u>
Unavailable property taxes	\$ 282,043	\$ 67,197	\$ 349,240

**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:

1. 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.
2. 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.
3. 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.
4. 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 his designee.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**K. Fund Balance (continued)**

5. 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 was reported as unassigned fund balance. 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 his designee. The District’s governmental funds as of June 30, 2013 are reported as follows:

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Non-major Funds</u>	<u>Total</u>
Nonspendable:					
Inventories	\$ 20,515	\$ -	\$ -	\$ 71,796	\$ 92,311
Prepaid expenses	234,273	-	-	-	234,273
Restricted:					
National School Breakfast and Lunch Program	-	-	-	1,310,833	1,310,833
Summer Feeding Program	-	-	-	62,326	62,326
Capital acquisition & contractual obligations	-	-	2,121,818	-	2,121,818
Retirement of long-term debt	-	3,307,226	-	-	3,307,226
Education foundation grant	-	-	-	8,010	8,010
Special campus projects	-	-	-	8,921	8,921
Committed:					
Campus activity funds	-	-	-	163,163	163,163
Assigned:					
Construction	5,749,811	-	-	-	5,749,811
Capital expenditures for equipment	1,000,000	-	-	-	1,000,000
Other assigned fund balance	500,000	-	-	-	500,000
Unassigned	3,500,000	-	-	-	3,500,000
Total fund balances	<u>\$ 11,004,599</u>	<u>\$ 3,307,226</u>	<u>\$ 2,121,818</u>	<u>\$ 1,625,049</u>	<u>\$ 18,058,692</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**L. Defined Benefit Pension Plan**

Plan Description - The District contributes to the Teacher Retirement System of Texas (TRS), a cost-sharing multiple-employer defined benefit pension plan. TRS administers retirement and disability annuities, and death and survivor benefits to employees and beneficiaries of employees of the public school systems of Texas. It operates primarily under the provisions of the Texas Constitution, Article XVI, Sec. 67, and Texas Government Code, Title 8, Subtitle C. TRS also administers proportional retirement benefits and service credit transfer under Texas Government Code, Title 8, Chapters 803 and 805, respectively. The Texas state legislature has the authority to establish and amend benefit provisions of the pension plan and may, under certain circumstances, grant special authority to the TRS Board of Trustees. TRS issues a publicly available financial report that includes financial statements and required supplementary information for the defined benefit pension plan. That report may be obtained by writing to the TRS Communications Department, 1000 Red River Street, Austin, Texas 78701, by calling the TRS Communications Department at 1-800-223-8778, or by downloading the report from the TRS Internet website, [www.trs.state.tx.us](http://www.trs.state.tx.us), under the TRS Publications heading.

Funding Policy – Contribution requirements are not actuarially determined but are established and amended pursuant to the following state funding policy: (1) The state constitution requires the legislature to establish a member contribution rate of not less than 6.0% of the member's annual compensation and a state contribution rate of not less than 6.0% and not more than 10.0% of the aggregate annual compensation of all members of the system during the fiscal year; (2) state statute prohibits benefit improvements, if, as a result of a particular action, the time required to amortize TRS's 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. Contribution rates and contributions for fiscal years 2013-2011 are shown in the table below. These rates are set by the General Appropriations Act. In certain instances, the District is required to make all or a portion of the state's and/or member's contribution and on the portion of the employees' salaries that exceeded the statutory minimum:

**Contribution Rates and Amounts**

Fiscal Year	Member		State		Statutory Minimum
	Rate	Amount	Rate	Amount	Amount
2013	6.4%	\$ 1,212,381	6.400%	\$ 1,061,284	\$ 169,322
2012	6.4%	1,194,626	6.000%	1,173,315	145,030
2011	6.4%	1,237,688	6.644%	981,448	163,165

**M. Retiree Health Plan**

Plan Description – The District contributes to the Texas Public School Retired Employees Group Insurance Program (TRS-Care), a cost-sharing multiple-employer defined benefit postemployment health care plan administered by the TRS. TRS-Care Retired Plan provides health care coverage for certain persons (and their dependents) who retired under the TRS. The statutory authority for the program is Texas Insurance Code, Chapter 1575. Section 1575.052 grants the TRS Board of Trustees the authority to establish and amend basic and optional group insurance coverage for participants. The TRS issues a publicly available financial report that includes financial statements and required supplementary information for TRS-Care. That report may be obtained by visiting the TRS website at [www.trs.state.tx.us](http://www.trs.state.tx.us), by writing to the Communications Department of the TRS at 1000 Red River Street, Austin, Texas 78701, or by calling 1-800-223-8778.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**M. Retiree Health Plan (Continued)**

Funding Policy – Contribution requirements are not actuarially determined but are legally established each biennium by the Texas Legislature. Texas Insurance Code, Sections 1575.202, 203, and 204 establish state, active employee, and public school contributions, respectively. Funding for basic coverage is provided by the program based upon public school district payroll. Per Texas Insurance Code, Chapter 1575, the public school contribution may not be less than .25% or greater than .75% of the salary of each active employee of the public school. Funding for optional coverage is provided by those participants selecting the optional coverage. Contribution rates and amounts are shown in the table below for fiscal years 2013-2011:

<b>Contribution Rates and Amounts</b>						
<b>Fiscal Year</b>	<b>Active Member</b>		<b>State</b>		<b>District</b>	
	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>	<b>Rate</b>	<b>Amount</b>
2013	0.65%	\$ 123,133	0.50%	\$ 94,718	0.55%	\$ 104,190
2012	0.65%	121,329	1.00%	186,664	0.55%	102,665
2011	0.65%	125,704	1.00%	193,391	0.55%	106,364

**N. 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, 2013, 2012, and 2011 were \$72,256, \$47,567, and \$44,547, respectively.

**O. Cafeteria Plan**

During the year ended June 30, 2013, 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, term life insurance 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.

**P. Litigation and Contingencies**

At June 30, 2013, the District had no known or threatened pending litigation which would materially affect the District's financial condition.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Q. Revenues from Local and Intermediate Sources**

During the year ended June 30, 2013, revenues from local and intermediate sources in the Fund Financial Statements consisted of the following:

	<b>General Fund</b>	<b>Debt Service Fund</b>	<b>Capital Projects Fund</b>	<b>Non-Major Funds</b>	<b>Total</b>
Property taxes	\$ 11,964,271	\$ 3,108,107	\$ -	\$ -	\$ 15,072,378
Penalties, interest	173,591	39,797	-	-	213,388
Tuition and fees	51,395	-	-	-	51,395
Investment income	69,368	28,218	3,614	7	101,207
Food sales	-	-	-	578,568	578,568
Gifts and bequests	24,621	-	-	47,313	71,934
Co-curricular student activities	82,108	-	-	-	82,108
Campus activities	-	-	-	110,285	110,285
Insurance recovery	18,774	-	-	-	18,774
Other	24,488	-	-	24,386	48,874
Totals	<u>\$ 12,408,616</u>	<u>\$ 3,176,122</u>	<u>\$ 3,614</u>	<u>\$ 760,559</u>	<u>\$ 16,348,911</u>

**R. 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, 2013, from various federal sources as follows:

<b>Program or Source</b>	<b>CFDA Number</b>	<b>Amount</b>	<b>Total Grant</b>
IDEA Part B, Formula	84.027A	\$ 18,438	\$ 718,251
Career & Technical-Basic Grant	84.048A	1,026	42,212
ESEA Title III, Part A	84.365A	938	47,956
SHARS reimbursements	93.774	275,392	275,392
ESEA Title I, Part A	84.010A	17,344	716,140
IDEA Part B, Preschool	84.173A	672	29,279
ESEA, Title VI, Part B	84.358B	1,532	62,962
ESEA, Title II, Part A	84.367A	3,491	143,484
Total		<u>\$ 318,833</u>	<u>\$ 2,035,676</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**S. 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	\$ 18,715
Grandview-Hopkins Independent School District	5,671
On-behalf TRS Payments	<u>1,417</u>
Total	<u><u>\$ 25,803</u></u>

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	\$ 746,858
Lefors Independent School District	33,843
Grandview-Hopkins Independent School District	<u>5,671</u>
Total	<u><u>\$ 786,372</u></u>

**T. Claims and Judgments - Arbitrage**

As discussed in Note 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 is still involved in the construction stages 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, 2013, the District does not believe they will be subject to any arbitrage liability to the United States Government.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**U. Construction Commitments**

As discussed in Note G, the District issued \$46,730,000 in bonds to renovate some of the existing facilities of the District, add new structures to existing facilities, and to construct a new Junior High School. During the year ended June 30, 2012, the District had acquired land and a building in the central part of Pampa to be used for the District’s administration building. The District is currently in the process of renovating the building to meet the needs of the District. Management intends to fund the construction costs of the administration building and the other projects from unspent bond proceeds from the bonds discussed in Note G and the committed portion of fund balance reported in the general fund. The District is currently assessing the financial viability of constructing a culinary arts kitchen at the Pampa High School, but plans have been put on hold indefinitely. Other projects ongoing at year end consisted of an access control system for the District’s campuses and phone system upgrade projects.

As of June 30, 2013, the District reported total construction in progress on the government wide financial statements as follows:

Administration building	\$ 1,921,638
Pampa High School culinary arts kitchen	9,596
Access control system	57,017
Phone system	83,404
	<u>\$ 2,071,655</u>

Although still subject to change, the District’s administration has estimated the total costs pertaining to the renovations and construction to be as follows:

Administration building	\$ 6,033,000
Pampa High School culinary arts kitchen	Unknown
Access control system	73,000
Phone system	87,000

**V. Auto Program**

During the year ended June 30, 2013, the District participated in the TASB Risk Management Fund’s (the “Fund”) Auto Program with coverage in: auto liability and auto physical damage. 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 the Auto Program. 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, 2013, 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, 2013**

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

**V. Auto Program (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, 2012, which is the most current report provided to the public, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**W. Unemployment Compensation Pool**

During the year ended June 30, 2013, 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.

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, 2012, which is the most current report provided to the public, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**X. Liability Program**

During the year ended June 30, 2013, the District participated in the TASB Risk Management Fund's (the "Fund") Liability Program with coverage in: general liability; manuscript special; school professional legal liability; and sexual misconduct endorsement. 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 the Liability Program. 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, 2013, the Fund anticipates the District has no additional liability beyond the contractual obligation for payment of contributions. 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, 2012, which is the most current report provided to the public, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Y. Property Program**

During the year ended June 30, 2013, the District participated in the TASB Risk Management Fund's (the "Fund") Property Program with coverage in: crime; equipment breakdown; 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 the Property Program. 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, 2013, the Fund anticipates the District has no additional liability beyond the contractual obligation for payment of contributions.

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, 2012, which is the most current report provided to the public, are available at the TASB offices and have been filed with the Texas Department of Insurance in Austin.

**Z. Workers' Compensation Aggregate Deductible**

During the year ended June 30, 2013, 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.

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.

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 \$1.5 million. The Fund uses the services of an independent actuary to determine reserve adequacy and fully funds those reserves. As of August 31, 2012, the Fund carries a discounted reserve of \$68,883,628 for future development on reported claims and claims that have been incurred but not reported. For the Fund's year ended August 31, 2013, the Fund anticipates no additional liability to members beyond their contractual obligations for payment of contributions and reimbursable aggregate deductibles.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**Z. Workers' Compensation Aggregate Deductible (Continued)**

The Fund engages the services of independent auditors 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, 2012, which is the most current report provided to the public, are available at the TASB offices 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:

	<b>Beginning of fiscal year liability</b>	<b>Current year claims and claims incurred but not reported</b>	<b>Changes in estimated claims liability from the claims administrator</b>	<b>Claims payments during fiscal year</b>	<b>End of fiscal year liability</b>
FYE 8/31/1998	\$ 7,123	\$ -	\$ (919)	\$ -	\$ 6,204
FYE 8/31/2000	11,742	-	(1,823)	-	9,919
FYE 8/31/2003	6,536	-	(1,074)	(54)	5,408
FYE 8/31/2004	6,259	-	(1,009)	-	5,250
FYE 8/31/2005	5,601	-	(849)	-	4,752
FYE 6/30/2006	12,577	-	(2,138)	-	10,439
FYE 6/30/2007	14,201	-	(2,478)	-	11,723
FYE 6/30/2008	6,732	-	(1,155)	-	5,577
FYE 6/30/2009	15,369	-	(3,165)	-	12,204
FYE 6/30/2010	28,241	-	(6,793)	(961)	20,487
FYE 6/30/2011	23,974	-	(10,076)	-	13,898
FYE 6/30/2012	19,873	-	4,467	(4,511)	19,829
FYE 6/30/2013	<u>-</u>	<u>72,637</u>	<u>-</u>	<u>(39,324)</u>	<u>33,313</u>
Totals	<u>\$ 158,228</u>	<u>\$ 72,637</u>	<u>\$ (27,012)</u>	<u>\$ (44,850)</u>	<u>\$ 159,003</u>

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

**AA. Impact of Recently Issued Accounting Pronouncements**

**Recently Issued and Adopted Accounting Pronouncements**

In June 2011, the GASB issued Statement 63, *Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position* (“GASB 63”). GASB 63 standardized the presentation of deferred outflows of resources and deferred inflows of resources and their effects on a government’s net position. It also alleviated uncertainty about reporting those financial statement elements by providing guidance where none previously existed. GASB 63 became effective for the District’s fiscal year ended June 30, 2013. The most significant impact Statement 63 had on the District’s financial statements was to change the titles of the government-wide and trust and agency fund statements.

In March 2012, the GASB issued Statement 65, *Items Previously Reported as Assets and Liabilities* (“GASB 65”). GASB 65 establishes accounting and financial reporting standards that reclassify as deferred outflows of resources or deferred inflows of resources, certain items that were previously reported as assets and liabilities. This Statement is effective for periods beginning after December 15, 2012, with early implementation encouraged. Management decided to implement GASB 65 for the District’s fiscal year ending June 30, 2013. The most significant impact on the District’s financial statements was to restate the beginning net position by decreasing it \$126,409 for the remaining balance of unamortized bond issuance costs. GASB 65 requires bond issuance costs to be expensed in the year incurred. Cost incurred in prior periods should be taken to beginning net position in the year that GASB 65 is implemented. In addition, the District has reported unearned tax revenues as deferred inflows of resources on the fund financial statements. These were previously reported by the District as deferred revenue on prior fund financial statements.

**Recently Issued Accounting Pronouncements**

In June 2012, the GASB issued Statement 67, *Financial Reporting for Pension Plans—an amendment of GASB Statement 25* (“GASB 67”). GASB 67 improves financial reporting by state and local governmental pension plans. The requirements of this Statement will improve financial reporting primarily through enhanced note disclosures and schedules of required supplementary information that will be presented by the pension plans that are within its scope. This Statement is effective for financial statements for fiscal years beginning after June 15, 2013. Management is currently evaluating the impact of the adoption of this statement on the District’s financial statements.

In June 2012, the GASB issued Statement 68, *Accounting and Financial Reporting for Pensions—an amendment of GASB Statement 27* (“GASB 68”). GASB 68 improves accounting and financial reporting by state and local governments for pensions. It also improves information provided by state and local governmental employers about financial support for pensions that is provided by other entities. This Statement results from a comprehensive review of the effectiveness of existing standards of accounting and financial reporting for pensions with regard to providing decision-useful information, supporting assessments of accountability and inter-period equity, and creating additional transparency. This Statement is effective for fiscal years beginning after June 15, 2014. Management is currently evaluating the impact of the adoption of this statement on the District’s financial statements.

**REQUIRED SUPPLEMENTARY INFORMATION**

PAMPA INDEPENDENT SCHOOL DISTRICT  
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE  
BUDGET AND ACTUAL - GENERAL FUND  
FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 11,750,603	\$ 12,364,061	\$ 12,408,616	\$ 44,555
5800	State Program Revenues	12,752,531	13,417,201	14,123,123	705,922
5900	Federal Program Revenues	160,000	159,000	318,833	159,833
5020	Total Revenues	24,663,134	25,940,262	26,850,572	910,310
<b>EXPENDITURES:</b>					
<b>Current:</b>					
0011	Instruction	13,877,886	14,710,950	14,512,989	197,961
0012	Instructional Resources and Media Services	340,694	323,848	320,068	3,780
0013	Curriculum and Instructional Staff Development	691,411	408,185	369,005	39,180
0021	Instructional Leadership	230,662	192,376	190,846	1,530
0023	School Leadership	1,523,929	1,577,372	1,562,200	15,172
0031	Guidance, Counseling and Evaluation Services	878,346	943,276	933,599	9,677
0032	Social Work Services	36,886	104,115	97,983	6,132
0033	Health Services	253,945	241,086	239,184	1,902
0034	Student (Pupil) Transportation	479,848	476,899	448,287	28,612
0036	Extracurricular Activities	1,144,537	1,181,768	1,155,984	25,784
0041	General Administration	1,211,931	1,188,541	1,177,739	10,802
0051	Facilities Maintenance and Operations	2,353,277	3,134,286	3,054,087	80,199
0052	Security and Monitoring Services	121,794	139,281	128,231	11,050
0053	Data Processing Services	529,783	590,824	589,959	865
0061	Community Services	96,254	130,713	128,808	1,905
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	561,951	352,742	344,279	8,463
<b>Intergovernmental:</b>					
0099	Other Intergovernmental Charges	330,000	320,000	319,962	38
6030	Total Expenditures	24,663,134	26,016,262	25,573,210	443,052
1100	Excess (Deficiency) of Revenues Over (Under) Expenditures	-	(76,000)	1,277,362	1,353,362
<b>OTHER FINANCING SOURCES (USES):</b>					
7912	Sale of Real and Personal Property	-	76,000	75,000	(1,000)
8911	Transfers Out (Use)	-	-	(3,300)	(3,300)
7080	Total Other Financing Sources (Uses)	-	76,000	71,700	(4,300)
1200	Net Change in Fund Balances	-	-	1,349,062	1,349,062
0100	Fund Balance - July 1 (Beginning)	9,655,537	9,655,537	9,655,537	-
3000	Fund Balance - June 30 (Ending)	\$ 9,655,537	\$ 9,655,537	\$ 11,004,599	\$ 1,349,062

**OTHER SUPPLEMENTARY INFORMATION**

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program
<b>ASSETS</b>			
1240 Receivables from Other Governments	\$ 24,239	\$ 1,420	\$ 179,477
1260 Due from Other Funds	4,319	50	1,230
1290 Other Receivables	-	-	-
1300 Inventories	-	-	-
1000 Total Assets	<u>\$ 28,558</u>	<u>\$ 1,470</u>	<u>\$ 180,707</u>
<b>LIABILITIES</b>			
2110 Accounts Payable	\$ -	\$ -	\$ 3,084
2160 Accrued Wages Payable	28,558	1,470	62,797
2170 Due to Other Funds	-	-	114,826
2300 Unearned Revenues	-	-	-
2000 Total Liabilities	<u>28,558</u>	<u>1,470</u>	<u>180,707</u>
<b>FUND BALANCES</b>			
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>
4000 Total Liabilities and Fund Balances	<u>\$ 28,558</u>	<u>\$ 1,470</u>	<u>\$ 180,707</u>



212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	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
\$ 322	\$ -	\$ -	\$ -	\$ 19,676	\$ 4,221	\$ 17,720	\$ 47,936
-	92,408	5,949	1,414,388	50,821	-	-	-
-	-	-	413	-	-	-	-
-	-	-	71,796	-	-	-	-
<u>\$ 322</u>	<u>\$ 92,408</u>	<u>\$ 5,949</u>	<u>\$ 1,486,597</u>	<u>\$ 70,497</u>	<u>\$ 4,221</u>	<u>\$ 17,720</u>	<u>\$ 47,936</u>
\$ -	\$ 3,815	\$ -	\$ 10,092	\$ 8,171	\$ -	\$ -	\$ 600
-	88,593	5,949	56,751	-	-	14,067	2,414
322	-	-	-	-	4,221	3,653	44,922
-	-	-	37,125	-	-	-	-
<u>322</u>	<u>92,408</u>	<u>5,949</u>	<u>103,968</u>	<u>8,171</u>	<u>4,221</u>	<u>17,720</u>	<u>47,936</u>
-	-	-	71,796	-	-	-	-
-	-	-	1,310,833	62,326	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>1,382,629</u>	<u>62,326</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 322</u>	<u>\$ 92,408</u>	<u>\$ 5,949</u>	<u>\$ 1,486,597</u>	<u>\$ 70,497</u>	<u>\$ 4,221</u>	<u>\$ 17,720</u>	<u>\$ 47,936</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	270 ESEA VI, Pt B Rural & Low Income	287 Education Jobs Fund	289 ESL Summer School Program	313 SSA IDEA, Part B Formula	
<b>ASSETS</b>					
1240	Receivables from Other Governments	\$ 10,450	\$ -	\$ -	\$ 271,306
1260	Due from Other Funds	-	-	-	-
1290	Other Receivables	-	-	-	-
1300	Inventories	-	-	-	-
1000	<b>Total Assets</b>	<u>\$ 10,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,306</u>
<b>LIABILITIES</b>					
2110	Accounts Payable	\$ 2,863	\$ -	\$ -	15,128
2160	Accrued Wages Payable	-	-	-	-
2170	Due to Other Funds	7,587	-	-	256,178
2300	Unearned Revenues	-	-	-	-
2000	<b>Total Liabilities</b>	<u>10,450</u>	<u>-</u>	<u>-</u>	<u>271,306</u>
<b>FUND BALANCES</b>					
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	<b>Total Fund Balances</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
4000	<b>Total Liabilities and Fund Balances</b>	<u>\$ 10,450</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 271,306</u>

314 SSA IDEA, Part B Preschool	404 Student Success Initiative	410 Instructional Facilities Allotment	429 Rural Technology Grant	437 SSA Special Education	461 Campus Activity Funds	485 Education Foundation Grant	488 Reading Recovery Grant
\$ 4,543	\$ 8,973	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 13,292
-	-	5,448	-	2,042	173,743	8,010	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>\$ 4,543</u>	<u>\$ 8,973</u>	<u>\$ 5,448</u>	<u>\$ -</u>	<u>\$ 2,042</u>	<u>\$ 173,743</u>	<u>\$ 8,010</u>	<u>\$ 13,292</u>
\$ -	\$ -	\$ -	\$ -	\$ 91	\$ 129	\$ -	\$ -
-	-	-	-	1,951	-	-	-
4,543	8,973	-	-	-	10,451	-	13,292
-	-	5,448	-	-	-	-	-
<u>4,543</u>	<u>8,973</u>	<u>5,448</u>	<u>-</u>	<u>2,042</u>	<u>10,580</u>	<u>-</u>	<u>13,292</u>
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	8,010	-
-	-	-	-	-	163,163	-	-
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>163,163</u>	<u>8,010</u>	<u>-</u>
<u>\$ 4,543</u>	<u>\$ 8,973</u>	<u>\$ 5,448</u>	<u>\$ -</u>	<u>\$ 2,042</u>	<u>\$ 173,743</u>	<u>\$ 8,010</u>	<u>\$ 13,292</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 JUNE 30, 2013

Data Control Codes	489 Special Campus Projects	Total Nonmajor Governmental Funds
<b>ASSETS</b>		
1240 Receivables from Other Governments	\$ -	\$ 603,575
1260 Due from Other Funds	8,921	1,767,329
1290 Other Receivables	-	413
1300 Inventories	-	71,796
1000 Total Assets	<u>\$ 8,921</u>	<u>\$ 2,443,113</u>
<b>LIABILITIES</b>		
2110 Accounts Payable	\$ -	\$ 43,973
2160 Accrued Wages Payable	-	262,550
2170 Due to Other Funds	-	468,968
2300 Unearned Revenues	-	42,573
2000 Total Liabilities	<u>-</u>	<u>818,064</u>
<b>FUND BALANCES</b>		
Nonspendable Fund Balance:		
3410 Inventories	-	71,796
Restricted Fund Balance:		
3450 Federal or State Funds Grant Restriction	-	1,373,159
3490 Other Restricted Fund Balance	8,921	16,931
Committed Fund Balance:		
3545 Other Committed Fund Balance	-	163,163
3000 Total Fund Balances	<u>8,921</u>	<u>1,625,049</u>
4000 Total Liabilities and Fund Balances	<u>\$ 8,921</u>	<u>\$ 2,443,113</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	205 Head Start	206 ESEA Title X, Pt.C Homeless	211 ESEA I, A Improving Basic Program
<b>REVENUES:</b>			
5700 Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800 State Program Revenues	-	-	-
5900 Federal Program Revenues	190,992	4,420	698,795
5020 Total Revenues	<u>190,992</u>	<u>4,420</u>	<u>698,795</u>
<b>EXPENDITURES:</b>			
Current:			
0011 Instruction	113,155	4,420	431,335
0012 Instructional Resources and Media Services	-	-	-
0013 Curriculum and Instructional Staff Development	-	-	143,855
0021 Instructional Leadership	-	-	16,217
0023 School Leadership	-	-	3,637
0031 Guidance, Counseling and Evaluation Services	-	-	2,274
0032 Social Work Services	-	-	2,063
0033 Health Services	77,837	-	1,895
0035 Food Services	-	-	-
0036 Extracurricular Activities	-	-	-
0041 General Administration	-	-	-
0051 Facilities Maintenance and Operations	-	-	-
0053 Data Processing Services	-	-	-
0061 Community Services	-	-	97,519
Capital Outlay:			
0081 Facilities Acquisition and Construction	-	-	-
Intergovernmental:			
0093 Payments to Fiscal Agent/Member Districts of SSA	-	-	-
6030 Total Expenditures	<u>190,992</u>	<u>4,420</u>	<u>698,795</u>
1200 Net Change in Fund Balance	-	-	-
0100 Fund Balance - July 1 (Beginning)	-	-	-
3000 Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

212 ESEA Title I Part C Migrant	224 IDEA - Part B Formula	225 IDEA - Part B Preschool	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
\$ -	\$ -	\$ -	\$ 578,194	\$ 381	\$ -	\$ -	\$ -
-	-	-	10,019	32,471	-	-	-
3,000	699,813	27,935	1,272,470	-	41,186	139,993	47,018
<u>3,000</u>	<u>699,813</u>	<u>27,935</u>	<u>1,860,683</u>	<u>32,852</u>	<u>41,186</u>	<u>139,993</u>	<u>47,018</u>
-	614,849	27,935	-	-	35,484	96,552	12,290
-	-	-	-	-	-	-	-
-	65,262	-	-	-	5,702	43,441	34,728
-	5,405	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	14,297	-	-	-	-	-	-
127	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	1,563,412	28,930	-	-	-
-	-	-	-	-	-	-	-
2,873	-	-	-	-	-	-	-
-	-	-	23,478	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	57,842	-	-	-	-
-	-	-	-	-	-	-	-
<u>3,000</u>	<u>699,813</u>	<u>27,935</u>	<u>1,644,732</u>	<u>28,930</u>	<u>41,186</u>	<u>139,993</u>	<u>47,018</u>
-	-	-	215,951	3,922	-	-	-
-	-	-	1,166,678	58,404	-	-	-
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,382,629</u>	<u>\$ 62,326</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	270 ESEA VI, Pt B Rural & Low Income	287 Education Jobs Fund	289 ESL Summer School Program	313 SSA IDEA, Part B Formula
<b>REVENUES:</b>				
5700	Total Local and Intermediate Sources	\$ -	\$ -	\$ -
5800	State Program Revenues	-	-	-
5900	Federal Program Revenues	61,430	3,515	757,765
5020	Total Revenues	<u>61,430</u>	<u>3,515</u>	<u>757,765</u>
<b>EXPENDITURES:</b>				
Current:				
0011	Instruction	53,913	3,481	-
0012	Instructional Resources and Media Services	-	-	-
0013	Curriculum and Instructional Staff Development	7,517	-	-
0021	Instructional Leadership	-	-	-
0023	School Leadership	-	34	-
0031	Guidance, Counseling and Evaluation Services	-	-	-
0032	Social Work Services	-	-	-
0033	Health Services	-	-	-
0035	Food Services	-	-	-
0036	Extracurricular Activities	-	-	-
0041	General Administration	-	-	-
0051	Facilities Maintenance and Operations	-	-	-
0053	Data Processing Services	-	-	-
0061	Community Services	-	-	-
Capital Outlay:				
0081	Facilities Acquisition and Construction	-	-	-
Intergovernmental:				
0093	Payments to Fiscal Agent/Member Districts of SSA	-	-	757,765
6030	Total Expenditures	<u>61,430</u>	<u>3,515</u>	<u>757,765</u>
1200	Net Change in Fund Balance	-	-	-
0100	Fund Balance - July 1 (Beginning)	<u>-</u>	<u>-</u>	<u>-</u>
3000	Fund Balance - June 30 (Ending)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

314 SSA IDEA, Part B Preschool	404 Student Success Initiative	410 Instructional Facilities Allotment	429 Rural Technology Grant	437 SSA Special Education	461 Campus Activity Funds	485 Education Foundation Grant	488 Reading Recovery Grant
\$ -	\$ -	\$ -	\$ -	\$ 24,386	\$ 141,474	\$ 15,374	\$ -
-	14,084	171,630	27,425	1,417	-	-	-
28,607	-	-	-	-	-	-	13,292
<u>28,607</u>	<u>14,084</u>	<u>171,630</u>	<u>27,425</u>	<u>25,803</u>	<u>141,474</u>	<u>15,374</u>	<u>13,292</u>
-	14,084	95,322	27,425	14,150	60,895	12,023	445
-	-	-	-	-	6,162	2,252	-
-	-	-	-	-	1,060	-	12,847
-	-	-	-	8,180	-	-	-
-	-	-	-	-	4,943	-	-
-	-	-	-	3,473	-	-	-
-	-	-	-	-	-	-	-
-	-	379	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	50,022	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	75,929	-	-	-	-	-
-	-	-	-	-	411	-	-
-	-	-	-	-	-	-	-
28,607	-	-	-	-	-	-	-
<u>28,607</u>	<u>14,084</u>	<u>171,630</u>	<u>27,425</u>	<u>25,803</u>	<u>123,493</u>	<u>14,275</u>	<u>13,292</u>
-	-	-	-	-	17,981	1,099	-
-	-	-	-	-	145,182	6,911	-
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 163,163	\$ 8,010	\$ -



PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
 FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

Data Control Codes	489 Special Campus Projects	Total Nonmajor Governmental Funds
<b>REVENUES:</b>		
5700 Total Local and Intermediate Sources	\$ 750	\$ 760,559
5800 State Program Revenues	-	257,046
5900 Federal Program Revenues	-	3,993,577
5020 Total Revenues	<u>750</u>	<u>5,011,182</u>
<b>EXPENDITURES:</b>		
Current:		
0011 Instruction	4,351	1,625,455
0012 Instructional Resources and Media Services	-	8,414
0013 Curriculum and Instructional Staff Development	-	314,412
0021 Instructional Leadership	-	29,802
0023 School Leadership	-	8,614
0031 Guidance, Counseling and Evaluation Services	-	20,044
0032 Social Work Services	-	2,190
0033 Health Services	-	80,111
0035 Food Services	-	1,592,342
0036 Extracurricular Activities	-	50,022
0041 General Administration	-	2,873
0051 Facilities Maintenance and Operations	-	23,478
0053 Data Processing Services	-	75,929
0061 Community Services	-	97,930
Capital Outlay:		
0081 Facilities Acquisition and Construction	-	57,842
Intergovernmental:		
0093 Payments to Fiscal Agent/Member Districts of SSA	-	786,372
6030 Total Expenditures	<u>4,351</u>	<u>4,775,830</u>
1200 Net Change in Fund Balance	(3,601)	235,352
0100 Fund Balance - July 1 (Beginning)	<u>12,522</u>	<u>1,389,697</u>
3000 Fund Balance - June 30 (Ending)	<u>\$ 8,921</u>	<u>\$ 1,625,049</u>

PAMPA INDEPENDENT SCHOOL DISTRICT  
 COMBINING STATEMENT OF NET POSITION  
 PRIVATE PURPOSE TRUST FUNDS  
 JUNE 30, 2013

	801 Harvester Scholarship Fund	802 Cavalier Scholarship Fund	803 Choir Scholarship Fund	804 Cornielson Scholarship Fund
<b>ASSETS</b>				
Cash and Cash Equivalents	\$ 2,637	\$ 4,671	\$ 3,710	\$ 38
Total Assets	<u>2,637</u>	<u>4,671</u>	<u>3,710</u>	<u>38</u>
<b>NET POSITION</b>				
Restricted for Scholarships	<u>2,637</u>	<u>4,671</u>	<u>3,710</u>	<u>38</u>
Total Net Position	<u>\$ 2,637</u>	<u>\$ 4,671</u>	<u>\$ 3,710</u>	<u>\$ 38</u>

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805 DECA Scholarship Fund	806 GED Scholarship Fund	807 Lamar Scholarship Fund	808 PLC Scholarship Fund	Total Private Purpose Trust Funds
\$ 3,739	\$ 36	\$ 1,191	\$ 1,406	\$ 17,428
<u>3,739</u>	<u>36</u>	<u>1,191</u>	<u>1,406</u>	<u>17,428</u>
3,739	36	1,191	1,406	17,428
<u>\$ 3,739</u>	<u>\$ 36</u>	<u>\$ 1,191</u>	<u>\$ 1,406</u>	<u>\$ 17,428</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, 2013

	801 Harvester Scholarship Fund	802 Cavalier Scholarship Fund	803 Choir Scholarship Fund	804 Cornielson Scholarship Fund
<b>ADDITIONS:</b>				
Local and Intermediate Sources	\$ 933	\$ 30	\$ 4	\$ -
Transfer In	3,300	-	-	-
Total Additions	4,233	30	4	-
<b>DEDUCTIONS:</b>				
Other Operating Costs	1,035	-	-	-
Total Deductions	1,035	-	-	-
Change in Net Position	3,198	30	4	-
Total Net Position - July 1 (Beginning)	(561)	4,641	3,706	38
Total Net Position - June 30 (Ending)	\$ 2,637	\$ 4,671	\$ 3,710	\$ 38

805 DECA Scholarship Fund	806 GED Scholarship Fund	807 Lamar Scholarship Fund	808 PLC Scholarship Fund	Total Private Purpose Trust Funds
\$ 4	\$ -	\$ 1	\$ 2	\$ 974
-	-	-	-	3,300
<u>4</u>	<u>-</u>	<u>1</u>	<u>2</u>	<u>4,274</u>
-	140	-	-	1,175
-	140	-	-	1,175
4	(140)	1	2	3,099
<u>3,735</u>	<u>176</u>	<u>1,190</u>	<u>1,404</u>	<u>14,329</u>
<u>\$ 3,739</u>	<u>\$ 36</u>	<u>\$ 1,191</u>	<u>\$ 1,406</u>	<u>\$ 17,428</u>

## **REQUIRED TEA SCHEDULES**

PAMPA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF DELINQUENT TAXES RECEIVABLE  
FISCAL YEAR ENDED JUNE 30, 2013

Last 10 Years Ended	(1)	(2)	(3)
	Tax Rates		Assessed/Appraised Value for School Tax Purposes
	Maintenance	Debt Service	
2004 and prior years	Various	Various	\$ Various
2005	1.500000	0.056000	794,194,574
2006	1.500000	0.016900	840,501,146
2007	1.370000	0.065000	943,446,945
2008	1.040000	0.285000	1,026,759,118
2009	1.040000	0.285000	1,079,364,214
2010	1.040000	0.328800	1,080,501,903
2011	1.040000	0.328800	1,070,347,198
2012	1.040000	0.328800	1,059,589,503
2013 (School year under audit)	1.040000	0.269100	1,162,866,797
1000 TOTALS			

(10) Beginning Balance 7/1/2012	(20) Current Year's Total Levy	(31) Maintenance Collections	(32) Debt Service Collections	(40) Entire Year's Adjustments	(50) Ending Balance 6/30/2013
\$ 88,933	\$ -	\$ 3,653	\$ 115	\$ (18,609)	\$ 66,556
28,843	-	2,014	75	(1,739)	25,015
22,189	-	2,394	27	(1,647)	18,121
20,436	-	3,783	180	(1,762)	14,711
25,681	-	4,269	1,170	(1,225)	19,017
33,488	-	7,158	1,962	(1,057)	23,311
61,391	-	12,063	3,814	(4,025)	41,489
190,986	-	67,381	21,302	(4,135)	98,168
391,236	-	179,470	56,740	(16,145)	138,881
-	15,223,088	11,682,086	3,022,722	(90,450)	427,830
<u>\$ 863,183</u>	<u>\$ 15,223,088</u>	<u>\$ 11,964,271</u>	<u>\$ 3,108,107</u>	<u>\$ (140,794)</u>	<u>\$ 873,099</u>



PAMPA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES FOR COMPUTATIONS OF INDIRECT COST FOR 2014-2015  
 GENERAL AND SPECIAL REVENUE FUNDS  
 FOR THE YEAR ENDED JUNE 30, 2013

**FUNCTION 41 AND RELATED FUNCTION 53 - GENERAL ADMINISTRATION, 99 - APPRAISAL DISTRICT COST**

Account Number	Account Name	1 (702) School Board	2 (703) Tax Collections	3 (701) Supt's Office	4 (750) Indirect Cost	5 (720) Direct Cost	6 (other) Miscellaneous	7 Total
611X-6146	PAYROLL COSTS	\$ -	\$ -	\$ 232,639	\$ 530,257	\$ 41,560	\$ -	\$ 804,456
6149	Leave for Separating Employees in Fn 41 & 53	-	-	-	-	-	-	-
6149	Leave - Separating Employees not in 41 & 53	-	-	-	-	-	-	-
6211	Legal Services	-	-	38,664	-	-	-	38,664
6212	Audit Services	-	-	-	54,000	-	-	54,000
6213	Tax Appraisal/Collection - Appraisal in Fn 99	-	342,178	-	-	-	-	342,178
6214	Lobbying	-	-	-	-	-	-	-
621X	Other Professional Services	-	-	-	-	-	-	-
6220	Tuition and Transfer Payments	-	-	-	-	-	-	-
6230	Education Service Centers	-	-	-	900	-	-	900
6240	Contr. Maint. and Repair	-	-	-	-	45,713	-	45,713
6250	Utilities	-	-	-	-	-	-	-
6260	Rentals	-	-	-	1,628	-	-	1,628
6290	Miscellaneous Contr.	4,713	-	-	55,234	-	-	59,947
6320	Textbooks and Reading	-	-	90	1,840	-	-	1,930
6330	Testing Materials	-	-	-	-	-	-	-
63XX	Other Supplies Materials	5,174	-	9,749	51,980	-	-	66,903
6410	Travel, Subsistence, Stipends	5,550	-	10,352	16,487	65	-	32,454
6420	Ins. and Bonding Costs	18,136	-	-	-	-	-	18,136
6430	Election Costs	7,099	-	-	-	-	-	7,099
6490	Miscellaneous Operating	13,429	-	5,999	18,831	2,500	-	40,759
6500	Debt Service	-	-	-	-	-	-	-
6600	Capital Outlay	-	-	-	-	-	6,496	6,496
6000	<b>TOTAL</b>	<u>\$ 54,101</u>	<u>\$ 342,178</u>	<u>\$ 297,493</u>	<u>\$ 731,157</u>	<u>\$ 89,838</u>	<u>\$ 6,496</u>	<u>\$ 1,521,263</u>

Total expenditures/expenses for General and Special Revenue Funds: (9) \$ 30,349,039

LESS: Deductions of Unallowable Costs

FISCAL YEAR

Total Capital Outlay (6600)	(10) \$ 451,251
Total Debt & Lease(6500)	(11) -
Plant Maintenance (Function 51, 6100-6400)	(12) 2,903,633
Food (Function 35, 6341 and 6499)	(13) 744,845
Stipends (6413)	(14) -
Column 4 (above) - Total Indirect Cost	<u>731,157</u>

SubTotal: 4,830,887

Net Allowed Direct Cost \$ 25,518,153

CUMULATIVE

Total Cost of Buildings before Depreciation (1520)	(15) \$ 74,757,766
Historical Cost of Building over 50 years old	(16) \$ 5,595,049
Amount of Federal Money in Building Cost (Net of #16)	(17) \$ -
Total Cost of Furniture & Equipment before Depreciation (1530 & 1540)	(18) \$ 4,272,517
Historical Cost of Furniture & Equipment over 16 years old	(19) \$ 493,885
Amount of Federal Money in Furniture & Equipment (Net of #19)	(20) \$ -

(8) NOTE A: \$20,689 in Function 53 expenditures are included in this report on administrative costs.  
 \$319,962 in Function 99 expenditures for appraisal district costs are included in this report on administrative costs.

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, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 577,000	\$ 568,000	\$ 578,194	\$ 10,194
5800	State Program Revenues	30,000	10,000	10,019	19
5900	Federal Program Revenues	1,219,758	1,219,758	1,272,470	52,712
5020	Total Revenues	1,826,758	1,797,758	1,860,683	62,925
<b>EXPENDITURES:</b>					
0035	Food Services	1,781,258	1,651,758	1,563,412	88,346
0051	Facilities Maintenance and Operations	45,500	71,000	23,478	47,522
<b>Capital Outlay:</b>					
0081	Facilities Acquisition and Construction	-	58,400	57,842	558
6030	Total Expenditures	1,826,758	1,781,158	1,644,732	136,426
1200	Net Change in Fund Balances	-	16,600	215,951	199,351
0100	Fund Balance - July 1 (Beginning)	1,166,678	1,166,678	1,166,678	-
3000	Fund Balance - June 30 (Ending)	\$ 1,166,678	\$ 1,183,278	\$ 1,382,629	\$ 199,351

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, 2013

Data Control Codes	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)	
	Original	Final			
<b>REVENUES:</b>					
5700	Total Local and Intermediate Sources	\$ 3,002,520	\$ 3,002,520	\$ 3,176,122	\$ 173,602
5800	State Program Revenues	363,109	363,109	388,630	25,521
5020	Total Revenues	3,365,629	3,365,629	3,564,752	199,123
<b>EXPENDITURES:</b>					
Debt Service:					
0071	Principal on Long Term Debt	1,095,000	1,095,000	1,095,000	-
0072	Interest on Long Term Debt	2,269,629	2,269,629	2,269,629	-
0073	Bond Issuance Cost and Fees	1,000	1,000	800	200
6030	Total Expenditures	3,365,629	3,365,629	3,365,429	200
1200	Net Change in Fund Balances	-	-	199,323	199,323
0100	Fund Balance - July 1 (Beginning)	3,107,903	3,107,903	3,107,903	-
3000	Fund Balance - June 30 (Ending)	\$ 3,107,903	\$ 3,107,903	\$ 3,307,226	\$ 199,323

**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, 2013, 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 24, 2013.

#### **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.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
October 24, 2013



## **BROWN, GRAHAM & COMPANY**

PROFESSIONAL CORPORATION  
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### **REPORT ON COMPLIANCE WITH REQUIREMENTS THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH CIRCULAR A-133**

#### **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) *Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2013. 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 each of its major 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 OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 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, 2013.

#### Report on Internal Control Over Compliance

The 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, 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 to determine the 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 OMB Circular A-133, 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 OMB Circular A-133. Accordingly this report is not suitable for any other purpose.

*Brown, Graham & Company, P.C.*

Amarillo, Texas  
October 24, 2013



**PAMPA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED JUNE 30, 2013**

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

Financial Statements:

Type of auditor's report issued: Unqualified

Internal control over financial reporting:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No
Is any noncompliance material to the financial statements?	_____ Yes	_____ <u>X</u> No

Federal Awards:

Type of auditor's report issued on major programs: Unqualified

Internal control over major program compliance:

Are any material weaknesses identified?	_____ Yes	_____ <u>X</u> No
Are any significant deficiencies identified not considered to be material weaknesses?	_____ Yes	_____ <u>X</u> No
Are any audit findings disclosed that are required to be reported in accordance with U.S. Office of Management and Budget Circular A-133, Audits of State, Local Governments and Non-profit Organizations Section 510(a)?	_____ Yes	_____ <u>X</u> No

Identification of major programs:

- 10.553 National School Breakfast Program
- 10.555 National School Lunch Program (Cash Assistance)
- 10.555 National School Lunch Program (Noncash Assistance)

The dollar threshold used to distinguish between Type A and Type B programs was \$300,000.

The District qualified as a low-risk auditee.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
SCHEDULE OF STATUS OF PRIOR FINDINGS  
FOR THE YEAR ENDED JUNE 30, 2013**

There were no material weaknesses, significant deficiencies, or instances of noncompliance required to be reported for the year ended June 30, 2012 for the District; consequently, no status update is applicable.

**PAMPA INDEPENDENT SCHOOL DISTRICT  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED JUNE 30, 2013**

There were no material weaknesses, significant deficiencies, or instances of noncompliance required to be reported for the year ended June 30, 2013 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, 2013

(1)	(2)	(3)	(4)
FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	Federal CFDA Number	Pass-Through Entity Identifying Number	Federal Expenditures
<b>U.S. DEPARTMENT OF EDUCATION</b>			
<u>Passed Through Texas Women's University</u>			
Reading Recovery Grant	84.396A	60029194	\$ 13,291
Total Passed Through Texas Women's University			\$ 13,291
<u>Passed Through State Department of Education</u>			
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	12610101090904	\$ 24,227
*ESEA, Title I, Part A - Improving Basic Programs	84.010A	13610101090904	674,569
Total CFDA Number 84.010A			698,796
Total Title I, Part A Cluster			698,796
ESEA, Title I, Part C - Migratory Children	84.011	13615001188950	3,000
*IDEA - Part B, Formula	84.027	136600010909046000	699,813
*SSA - IDEA - Part B, Formula	84.027	136600010909046000	757,765
Total CFDA Number 84.027			1,457,578
*IDEA - Part B, Preschool	84.173	136610010909046000	27,935
*SSA - IDEA - Part B, Preschool	84.173	136610010909046000	28,607
Total CFDA Number 84.173			56,542
Total Special Education Cluster (IDEA)			1,514,120
Career and Technical - Basic Grant	84.048	13420006090904	41,186
ESEA, Title X, Part C - Homeless Children	84.196	138006057950	4,420
ESEA, Title VI, Part B - Rural & Low Income Prog.	84.358B	13696001090904	61,430
Title III, Part A - English Language Acquisition	84.365A	12671001090904	20
Title III, Part A - English Language Acquisition	84.365A	13671001090904	46,998
Total CFDA Number 84.365A			47,018
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	12694501090904	4,010
ESEA, Title II, Part A, Teacher/Principal Training	84.367A	13694501090904	135,983
Total CFDA Number 84.367A			139,993
Education Jobs Fund- ARRA	84.410	11550101090904	3,515
ESL Summer School Program	84.369A	69551202	3,346
Total Passed Through State Department of Education			\$ 2,516,824
<b>TOTAL DEPARTMENT OF EDUCATION</b>			<b>\$ 2,530,115</b>
<b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			
<u>Passed Through State Department of Education</u>			
Head Start	93.600	06CH0219/29	\$ 190,992
Total Passed Through State Department of Education			\$ 190,992
<b>TOTAL DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>			<b>\$ 190,992</b>
<b>U.S. DEPARTMENT OF AGRICULTURE</b>			
<u>Passed Through the State Department of Agriculture</u>			
*School Breakfast Program	10.553	71401301	\$ 324,594
*National School Lunch Program - Cash Assistance	10.555	71301301	829,754
*National School Lunch Prog. - Non-Cash Assistance	10.555	71301301	118,122
Total CFDA Number 10.555			947,876
Total Child Nutrition Cluster			1,272,470

PAMPA INDEPENDENT SCHOOL DISTRICT  
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
 FOR THE YEAR ENDED JUNE 30, 2013

(1) FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM or CLUSTER TITLE	(2) Federal CFDA Number	(3) Pass-Through Entity Identifying Number	(4) Federal Expenditures
Total Passed Through the State Department of Agriculture			\$ 1,272,470
<b>TOTAL DEPARTMENT OF AGRICULTURE</b>			<u>\$ 1,272,470</u>
<b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>			<u><u>\$ 3,993,577</u></u>

\*Clustered Programs

**PAMPA INDEPENDENT SCHOOL DISTRICT  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
FOR THE YEAR ENDED JUNE 30, 2013**

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. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Supplement.
4. \$43,441 of indirect costs are not considered to be federal financial assistance for inclusion in the Schedule of Expenditures of Federal Awards (SEFA). These revenues are reported in the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column.
5. 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 \$275,392 are not to be considered federal financial assistance for inclusion in the SEFA. These revenues are reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance – Governmental Funds in the General Fund column.
6. 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 the determination of Single Audit requirements under Office of Management and Budget's Circular A-133, the amounts reported in funds 224 and 225, along with the indirect cost and SHARS revenues in notes 4 and 5 above are excluded in the calculation. If amounts accounted for in funds 224 and 225 were included in the calculation of federal expenditures for purposes of OMB Circular A-133, they would be counted twice.