

**Pampa Economic  
Development Corporation**

**Annual Financial Report**

**For the Year Ended September 30, 2020**

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**PAMPA ECONOMIC DEVELOPMENT CORPORATION**

**ANNUAL FINANCIAL REPORT  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

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**PART I**

**INTRODUCTORY SECTION**

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**

**SEPTEMBER 30, 2020**

**BOARD OF DIRECTORS**

Glennette Goode ..... President  
Troy Newton ..... Vice President  
Ted Hutto ..... 2<sup>nd</sup> Vice President  
Tanya Larkin ..... Secretary  
Emily Arrington ..... Assistant Secretary  
Sue Fatheree ..... Treasurer  
Jason Bagwell ..... Assistant Treasurer

**MANAGEMENT AND STAFF**

Clay Rice ..... Executive Director  
Tresa Heuston ..... Office Administrator  
Carol McCord ..... Office/Marketing Assistant

**PART II**  
**FINANCIAL SECTION**



Board of Directors  
Pampa Economic Development Corporation  
Pampa, Texas

## INDEPENDENT AUDITORS' REPORT

We have audited the accompanying financial statements of the business-type activities of the Pampa Economic Development Corporation (Corporation) as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Pampa Economic Development Corporation's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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.

### **Auditors' 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 Audit 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 auditors' 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 Corporation'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 Corporation'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 reasonable basis for our audit opinions.

### **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the business-type activities of the Pampa Economic Development Corporation, as of September 30, 2020, and the respective changes in financial position and cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.



## **Other Matters**

### *Required Supplementary Information*

The Corporation has omitted the Management's Discussion and Analysis (MD&A) that accounting principles generally accepted in the United States of America require to be presented 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. The independent auditors' opinion is not affected by the omission of the MD&A.

### *Other Information*

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Pampa Economic Development Corporation's basic financial statements. The Budget Comparison Schedule, the Notes to the Other Supplementary Information, and the Combining Statements listed under other supplementary information in the accompanying table of contents are presented for the purposes of additional analysis and are not a required part of the basic financial statements.

The Budget Comparison Schedule, the Notes to the Other Supplementary Information, and the Combining Statements listed under other supplementary information in the accompanying table of contents are the responsibility of management and were derived from and relate directly to underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the 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 January 8, 2021, on our consideration of Pampa Economic Development Corporation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grants. The purpose of that report is solely 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 effectiveness of the Pampa Economic Development Corporation's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Pampa Economic Development Corporation's internal control over financial reporting and compliance.

*DOSHIER, PICKENS & FRANCIS, L.L.C.*

DOSHIER, PICKENS & FRANCIS, LLC  
January 8, 2021

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## **BASIC FINANCIAL STATEMENTS**

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

**ASSETS**

Current Assets:	
Cash and cash equivalents	\$ 5,546,433
Receivables, net	13,230
Due from primary government	191,785
Prepaid expenses	79,369
Notes receivable - current	117,565
Total current assets	5,948,382
Noncurrent Assets:	
Notes receivable	1,606,061
Capital assets:	
Land	543,926
Water rights	600,000
Buildings and improvements	11,179,607
Vehicles and equipment	393,398
Accumulated depreciation	(4,313,424)
Total noncurrent assets	10,009,568
Total assets	15,957,950

**LIABILITIES**

Current Liabilities:	
Notes payable - current	214,462
Accounts payable	264
Accrued expenses	60,939
Unearned revenues	16,980
Compensated absences - current	6,000
Total current liabilities	298,645
Noncurrent Liabilities:	
Notes payable	4,072,094
Compensated absences	24,108
Tenant security deposits	9,410
Total noncurrent liabilities	4,105,612
Total liabilities	4,404,257

**NET POSITION**

Net investment in capital assets	4,116,952
Unrestricted	7,436,741
Total net position	\$ 11,553,693

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

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**OPERATING REVENUES:**

Sales tax	\$ 1,161,252
Lease revenues	2,442,538
Other revenues	<u>31,499</u>
 Total operating revenues	 <u>3,635,289</u>

**OPERATING EXPENSES:**

Salaries and employee benefits	354,455
Advertising	25,355
Professional services	170,749
Communication	8,798
Dues and subscriptions	4,205
Insurance	169,960
Rent	21,000
Supplies, postage and printing	16,795
Professional development	1,673
Projects and grants	534,105
Travel	810
Repairs	57,395
Facility management fees	661,144
Taxes	65,390
Utilities	71,391
Depreciation	<u>443,029</u>

Total operating expenses	<u>2,606,254</u>
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Operating income	<u>1,029,035</u>
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**NON-OPERATING REVENUES AND (EXPENSES):**

Intergovernmental	207,160
Investment earnings	48,608
Interest expense	<u>(276,378)</u>

Total non-operating revenues (expenses)	<u>(20,610)</u>
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<b>CHANGE IN NET POSITION</b>	1,008,425
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<b>NET POSITION - BEGINNING</b>	<u>10,545,268</u>
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<b>NET POSITION - ENDING</b>	<u>\$ 11,553,693</u>
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The accompanying notes are an integral part of these financial statements.

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

**CASH FLOWS FROM OPERATING ACTIVITIES:**

Receipts from sales taxes	\$ 1,157,567
Receipts from lease revenues	2,446,329
Receipts from other operating revenues	37,614
Payments for personnel services	(351,324)
Payments for suppliers	(1,324,356)
Payments for projects and grants	<u>(610,848)</u>
Net cash provided by operating activities	<u>1,354,982</u>

**CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES**

Operating grants	<u>207,160</u>
Net cash provided by noncapital financing activities	<u>207,160</u>

**CASH FLOWS FROM INVESTING ACTIVITIES:**

Purchase of capital assets	(89,298)
Loans on notes receivable	(251,913)
Collections on notes receivable	222,003
Interest on notes	<u>48,608</u>
Net cash used by investing activities	<u>(70,600)</u>

**CASH FLOWS FROM FINANCING ACTIVITIES:**

Payments on long-term debt	(167,971)
Interest paid on debt	<u>(276,378)</u>
Net cash used by financing activities	<u>(444,349)</u>

**NET INCREASE IN CASH AND CASH EQUIVALENTS**

1,047,193

**CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR**

4,499,240

**CASH AND CASH EQUIVALENTS AT END OF YEAR**

\$ 5,546,433

**RECONCILIATION OF OPERATING INCOME TO NET**

**CASH FLOWS FROM OPERATING ACTIVITIES**

Operating income	\$ 1,029,035
Adjustment to reconcile operating income to net cash flows from operating activities:	
Depreciation	443,029
Change in allowance for doubtful accounts	(76,743)
(Increase) decrease in operating assets:	
Receivables	6,115
Due from primary government	(3,685)
Prepaid expenses	(50,119)
Increase (decrease) in operating liabilities:	
Accounts payable	49
Accrued expenses	3,510
Unearned revenues	4,291
Tenant security deposits	<u>(500)</u>
Net cash provided by operating activities	<u>\$ 1,354,982</u>

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

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

Pampa Economic Development Corporation's (EDC) financial statements are prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) for local governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The most significant accounting and reporting policies of the EDC are described in the following notes to the financial statements.

**A. Financial Reporting Entity**

In November 2005, voters in the City of Pampa (City) established the Pampa Economic Development Corporation (EDC). The EDC was established for the promotion of business and economic development in and around the City and is being funded by a ½-cent sales tax also approved by voters of the City. In December 2005, the City appointed a separate seven-member board of directors that have the responsibility of managing the activities of the EDC. The board of directors adopted a resolution approving the articles of incorporation, and adopted and approved the corporate bylaws of the EDC in February 2006. The EDC also began its operations during the year ended September 30, 2006, and began receiving the ½-cent sales tax, which will be used to fund future operations of the EDC. The City is responsible for approving the operating budget of the EDC as adopted by the seven-member board of directors.

**B. Basic Financial Statements**

The basic financial statements include the statement of net position, statement of revenues, expenses and changes in net position, and statement of cash flows. The EDC accounts for all of its operations in one proprietary fund. Mainly sales tax revenues support the activities of the EDC.

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

The proprietary fund is reported using 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.

Revenues are classified as *operating revenues* and *non-operating revenues*. Operating revenues include: 1) sales tax revenues collected by the City and 2) revenues produced from the single member limited liability company investments described in Notes 12 & 13. Non-operating revenues include investment earnings, as well as non-operating grants received from other governmental agencies.

**D. Use of Restricted Assets**

In circumstances when expenditure is made for a purpose for which amounts are available in multiple net position classifications, net position is depleted in the order of restricted and then unrestricted funds.

**E. Assets, Liabilities, and Net Position**

**1. Deposits and Investments**

The EDC's cash and cash equivalents are considered to be cash on hand, demand deposits and deposits within public fund investment pools. Statutes authorize the EDC to keep funds in demand deposits, time deposits, or securities of the United States. The EDC's custodial banks are required to pledge for the purpose of securing EDC funds, securities of the following kind, in an amount equal to the amount of such EDC funds: bonds and notes of the United States, securities of indebtedness of the United States, bonds of the State of Texas, or of any county, city, or independent school district, and various other bonds as described in Texas Statutes.

Continued

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**D. Assets, Liabilities and Net Position – Continuation**

**1. Deposits and Investments – Continuation**

Government Code Chapter 2256, The Public Funds Investment Act (“Act”), requires the EDC to adopt, and publicize an investment policy. That policy must be written, primarily emphasize safety of principal and liquidity, address investment diversification, yield, and maturity and the quality and capability of investment management, and include a list of the types authorized investments in which the EDC’s funds may be invested, and the maximum allowable stated maturity of any individual investment owned by the EDC.

**2. Receivables and Payables**

Receivables consist of sales tax collections due from the Texas Comptroller, interest earned on investments and other revenues earned at year-end. There is no allowance for uncollectible amounts, as all receivables are deemed collectible.

Payables consist of vendor obligations for goods and services as well as funds payable to others when the criteria for their release have been met.

**3. Prepaid Expenses**

Certain payments to vendors reflect costs applicable to future accounting periods and are reported as a prepaid item. Prepaid expenses are recorded as expenditures when requisitioned (the consumption method).

**4. Capital Assets**

Capital assets, including land, buildings and improvements, furniture and equipment, are reported in the statement of net position. According to the EDC’s capitalization policy, capital assets are defined as individual assets (or systems of assets) having a cost of more than \$5,000 and an estimated useful life in excess of two years. Capital assets are recorded at historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Capital assets are depreciated using the straight-line method over the following estimated lives:

Buildings and improvements	7-39 years
Vehicles and equipment	5-15 years

**5. Compensated Absences**

A liability for unused vacation and comp time for all full-time employees is calculated and reported in the proprietary fund financial statements. For financial reporting, the following criteria must be met to be considered as compensated absences:

- leave or compensation is attributable to services already rendered
- leave or compensation is not contingent on a specific event (such as illness).

Continued



**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 1 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continuation**

**5. Compensated Absences – Continuation**

All regular full-time employees of the EDC accrue vacation leave benefits of two to three weeks, depending on years of service. The EDC does not have a policy regarding the amount of vacation leave employees are allowed to carryover. Employees are paid outstanding vacation leave balances at termination or retirement. Accrued vacation leave benefits as of September 30, 2020 were \$30,108.

Employees are provided twelve days of sick leave per year.

**6. Unearned Revenues**

Such amounts represent an increase in net position that applies to a future period. The EDC will not recognize the related revenues until a future event occurs. The EDC recognizes revenues under the accrual basis of accounting and therefore, these revenues are not recognized until they are earned. Accordingly, unearned revenues related to leases are reported on the statement of net position.

**7. Net Position**

In the proprietary fund financial statements, equity is classified as net position and displayed in three categories.

**Net Investment in Capital Assets** – This amount consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds.

**Restricted Net Position** – This amount is restricted by external creditors, grantors, contributors, laws or regulations of other governments, enabling legislation, or constitutional provisions, restrict this amount. As of September 30, 2020, no funds have been reported as restricted net position.

**Unrestricted Net Position** – This amount includes all net positions that do not meet the definition of “net investment in capital assets” or “restricted net position.”

**8. Use of Estimates**

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**9. Income Taxes**

The Pampa EDC is exempt from federal income taxes under IRC section 501(c) (4), except for any net income derived from unrelated business activities, but remains subject to tax filings with the State of Texas.

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 2 – STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

**Budgetary Information**

The EDC follows these procedures in establishing the budgetary data reflected in the financial statements:

1. The proposed budget is prepared by the Executive Director and presented to the Board.
2. The Board will approve the budget and provide it to the City Commissioners prior to August 1.
3. The budget is adopted after approval of the City Commissioners.

**NOTE 3 – DEPOSITS AND INVESTMENTS**

Following is a reconciliation of the EDC's cash and deposit balances as of September 30, 2020:

	<u>Cost and Fair Value</u>
Bank demand deposits	<u>\$ 5,546,433</u>

***Custodial credit risk – deposits.*** As of September 30, 2020, the carrying amount of the EDC's deposits with financial institutions was \$5,546,433 and the banks' balance was \$5,568,471. Of the bank balance, \$250,000 was insured through the Federal Depository Insurance Corporation (FDIC) and \$5,318,471 was collateralized with securities held by the pledging institution's agent in the EDC's name.

***Interest rate risk*** is the risk that adverse changes in interest rates will result in an adverse effect on the fair value of an investment. The EDC manages its exposure to interest rate risk by maintaining its cash in interest-bearing demand accounts, or in certificates of deposit with weighted average maturities of one year or less.

***Credit risk*** is the risk that an insurer or other counterparty to an investment will not fulfill its obligations. The EDC limits its investments to U.S. Government obligations, certificate of deposits, savings and loan association deposits, state and local government obligations and investment pools, and money market mutual funds regulated by the Securities and Exchange Commission.

***Concentration of credit risk*** is the risk of loss attributed to the magnitude of a government's investment in a single insurer. As of September 30, 2020, 100% of the EDC's carrying value of cash deposited with the EDC's depository bank and was adequately secured as described above.

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 4 – CAPITAL ASSETS**

Capital assets are recorded at cost or, if donated, at fair market value at the date of receipt. In accordance with GASB Statement No. 34, depreciation policies were adopted to include useful lives and classifications by function.

Capital asset activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases</u>	<u>Ending Balance</u>
Capital assets, not being depreciated:				
Land and land improvements	\$ 543,926	\$ -	\$ -	\$ 543,926
Water rights	<u>600,000</u>	<u>-</u>	<u>-</u>	<u>600,000</u>
Total capital assets, not being depreciated	<u>1,143,926</u>	<u>-</u>	<u>-</u>	<u>1,143,926</u>
Capital assets, being depreciated:				
Buildings and improvements	11,090,309	89,298	-	11,179,607
Vehicles and equipment	<u>393,398</u>	<u>-</u>	<u>-</u>	<u>393,398</u>
Total capital assets, being depreciated	<u>11,483,707</u>	<u>89,298</u>	<u>-</u>	<u>11,573,005</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,705,760)	(416,858)	-	(4,122,618)
Vehicles and equipment	<u>(164,635)</u>	<u>(26,171)</u>	<u>-</u>	<u>(190,806)</u>
Total accumulated depreciation	<u>(3,870,395)</u>	<u>(443,029)</u>	<u>-</u>	<u>(4,313,424)</u>
Total capital assets, being depreciated, net	<u>7,613,312</u>	<u>(353,731)</u>	<u>-</u>	<u>7,259,581</u>
Total capital assets, net	<u>\$ 8,757,238</u>	<u>\$ (353,731)</u>	<u>\$ -</u>	<u>\$ 8,403,507</u>

Depreciation expense for the year ended September 30, 2020 was \$443,029.

**NOTE 5 – DEFERRED COMPENSATION PLAN**

Effective December 7, 2009, the Pampa Economic Development Corporation established a 457 Plan & Trust for Governmental Employers in accordance with the requirements of Code Section 457(b) of the Internal Revenue Code.

The Pampa Economic Development Corporation contributes to the Pampa Economic Development Corporation 457 Plan and Trust, which is a deferred compensation plan. The deferred compensation is not available to employees until termination, retirement, death or unforeseeable emergency.

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**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 5 – DEFERRED COMPENSATION PLAN – Continuation**

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

During the fiscal year ended September 30, 2020, the EDC’s contributions were \$21,433, which was approximately 10% of its eligible current payroll. Employee contributions are made given the authorization of the employee.

No provision changes occurred during the year that affected the required contributions to be made by the EDC or its employees.

**NOTE 6 – LEASE EXPENSE**

The EDC is obligated under a lease with an individual for office space. Under the terms of the lease, the EDC has agreed to pay a monthly rate of \$1,750 for a period of 60 months ending February 28, 2023. Rental expense is reported on the Statement of Revenues, Expenses, and Changes in Net Position for the year in the amount of \$21,000, which includes the amortization of improvement costs.

The minimum future lease payments are:

Year Ended September 30,			
2021	\$	21,000	
2022		21,000	
2023		21,000	
2024		8,750	
	\$	71,750	

**NOTE 7 – LEASE INCOME**

On July 1, 2018, the Pampa Energy Center, LLC board of directors approved a hay lease with an individual board member, which leased out agriculture acres owned by the Pampa Energy Center LLC for the purpose of growing grass/hay. The terms of the lease require the individual to pay the EDC \$50/ton of improved grass and \$20/ton on all plots, tracts corners, etc. in addition to an annual lease payment of \$5,560. For the year ended September 30, 2020 lease revenue amounted to \$5,852, and hay sales revenue totaled \$3,948.

On September 1, 2018, the Pampa Energy Center, LLC board of directors approved a grazing lease with an individual, which leased out agriculture acres owned by the Pampa Energy Center LLC for grazing cattle. Under the terms of the lease, the lessee is required to pay the EDC annual rent of \$8,975 for the twelve months ended August 30 each year.

On June 13, 2012, the EDC board of directors approved the purchase of Las Pampas Square, LLC that operates a shopping center and collects lease revenue from its tenants. The lease terms and rent amounts vary among the lessees but ranges from \$300 to \$10,833 depending on the size of the space leased. For the year ended September 30, 2020 lease income was \$435,997, including the tenants supplement utility costs amounting to \$38,332.

Continued

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 7 – LEASE INCOME** – Continuation

The EDC board of directors have entered into various lease agreements to lease facilities at the Pampa Energy Center. These leases range from annual renewal to ten year terms with options. The total revenue from these leases amounted to \$1,166,417 plus tenant water utility revenues of \$743,422.

On April 1, 2020, the EDC entered into various lease agreements with companies to lease to the companies the right to occupy and use portions of the Pampa Energy Center’s storage tracks on the industrial site for the purpose of storing railcars. The lease terms and amounts vary among the lessees. For the year ended September 30, 2020 lease income was \$81,875.

**NOTE 8 – ACCRUED EXPENSES**

Accrued expenses as of September 30, 2020 consist of the following:

Ad valorem taxes	\$	42,781
Accrued wages		15,658
Accrued other		<u>2,500</u>
	\$	<u>60,939</u>

**NOTE 9 – LONG TERM LIABILITIES**

On April 29, 2014, the EDC entered into a note agreement with Aim Bank for \$4,050,000 for leasehold improvements on the Las Pampas Square, LLC. The note agreement has an interest rate of 5.00%. The note is due on April 30, 2029, and is collateralized by the assets of the Pampa Energy Center and Las Pampas Square. For the year ended September 30, 2020, interest expense related to the debt was \$188,037.

On August 30, 2019, the EDC entered into a note agreement with Aim Bank for \$1,400,000 for the purpose of buying out the 40 year lease entered into with a company during 2011. The note agreement has an interest rate of 5.00%. The note is due on August 30, 2029, and is collateralized by the assets of the Pampa Energy Center. For the year ended September 30, 2020, interest expense related to the debt was \$88,341

Long-term liability activity for the year ended September 30, 2020 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Note payable, Aim Bank (LPS)	\$ 3,058,978	\$ -	\$ (101,728)	\$ 2,957,250	\$ 152,087
Note payable, Aim Bank (PEC)	1,395,549	-	(66,243)	1,329,306	62,375
Accrued compensated absences	<u>27,166</u>	<u>13,138</u>	<u>(10,196)</u>	<u>30,108</u>	<u>6,000</u>
	<u>\$ 4,481,693</u>	<u>\$ 13,138</u>	<u>\$ (178,167)</u>	<u>\$ 4,316,664</u>	<u>\$ 220,462</u>

Continued

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 9 – LONG TERM LIABILITIES – Continuation**

The annual debt service requirement on long-term liabilities outstanding as of September 30, 2020 is as follows:

	<u>Total</u>	<u>Aim Bank Las Pampas Square</u>		<u>Aim Bank Pampa Energy Center</u>	
		<u>Principal</u>	<u>Interest</u>	<u>Principal</u>	<u>Interest</u>
2021	\$ 418,599	\$ 152,087	\$ 144,386	\$ 62,375	\$ 59,751
2022	429,701	159,868	136,605	71,379	61,849
2023	429,701	168,047	128,426	75,031	58,197
2024	429,701	176,645	119,828	78,870	54,358
2025	429,701	185,682	110,791	82,905	50,323
2026 -2030	<u>3,400,466</u>	<u>2,114,921</u>	<u>326,799</u>	<u>958,746</u>	<u>-</u>
Total	<u>\$ 5,537,869</u>	<u>\$ 2,957,250</u>	<u>\$ 966,835</u>	<u>\$ 1,329,306</u>	<u>\$ 284,478</u>

**NOTE 10 – GRANTS, COMMITMENTS, AND CONTINGENCIES**

On May 13, 2011, the EDC entered into an operating and maintenance agreement with a company to handle the day-to-day operations of the Pampa Energy Center, LLC. For the year ended September 30, 2020 the total expenses related to these contracts totaled \$381,492.

**NOTE 11 – NOTES RECEIVABLE**

On November 30, 2011, the EDC entered into a forgivable loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$188,900 at an interest rate of 4.25% beginning January 30, 2015. The forgiveness of the loan will be contingent on the number of full-time employees hired in a given year by the company. For each full-time employee hired in the first year, \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$3,000 per employee in the second year and \$2,000 per employee in the third year. Forgiveness shall not exceed \$100,000. The company's tax records will be provided to the EDC to validate current employees at the time of the agreement and additional full-time employees hired and the related hours worked. If the company fails to hire the additional and anticipated employees per the agreement, payments on the loan will begin on January 30, 2015 in monthly installments until the entire principal and interest are paid in full on or before January 30, 2019. Upon meeting the employment or payment in full on the loan, there will be no further obligations to the EDC under the agreement. Since the company did not meet the employment requirements to have this loan forgiven, the loan is now due back to the EDC. On August 20, 2015, the EDC and the company agreed to combine this loan with their regular loan agreement and begin making payments on the loan effective January 1, 2016. The note matures on March 1, 2023. As of September 30, 2020, the outstanding balance of the loan was \$57,474.

On November 26, 2012, the EDC entered into a loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$246,976 at an interest rate of 4.00% beginning March 1, 2013. Monthly collections of \$2,526 began on the aforementioned date and are to be collected until all principal and accrued, unpaid interest is exhausted. The note is secured by a security agreement and matures on February 1, 2023. As of September 30, 2020, the outstanding balance of the loan was \$94,467.

Continued

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11 – NOTES RECEIVABLE – Continuation**

On October 15, 2015, the EDC entered into a forgivable loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$25,000 at an interest rate of 5.00% beginning January 1, 2020. The forgiveness of the loan will be contingent on the number of full-time employees hired in a given year by the company. For each full-time employee hired in the first year, \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$4,000 per employee in the second year, \$3,000 per employee in the third year, and \$2,000 per employee in the fourth year. The company's tax records will be provided to the EDC to validate current employees at the time of the agreement and additional full-time employees hired and the related hours worked. Monthly collections of \$500 began on January 1, 2020 and are to be collected until all principal and accrued, unpaid interest is exhausted. The note matures on August 1, 2024. As of September 30, 2020, the outstanding balance of the loan was \$21,270.

On May 3, 2017, the EDC entered into a loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$60,000 at an interest rate of 4.00% beginning November 1, 2017. Monthly collections of \$607 began on the aforementioned date and are to be collected until all principal and accrued, unpaid interest is exhausted. The note matures on October 1, 2027. As of September 30, 2020, the outstanding balance of the loan was \$60,000 plus accrued interest of \$6,161.

On June 25, 2018, the EDC entered into a forgivable loan agreement with a company for operating capital. Under the terms of the agreement, the EDC has loaned the company \$77,000 at an interest rate of 5.00% beginning December 25, 2018. The forgiveness of the loan will be contingent on the number of full-time employees employed by the company. For each full-time employee employed for 12 months during the first 18 months of the incentive package, \$5,000 of the loan will be forgiven. Additional loan forgiveness is as follows: \$4,000 per employee employed for 12 months during the 19<sup>th</sup> through the 30<sup>th</sup> month, \$3,000 per employee employed for 12 months during the 31<sup>st</sup> through 42<sup>nd</sup> month, \$2,000 per employee employed for 12 months during the 43<sup>rd</sup> through 54<sup>th</sup> month, and \$1,000 per employee employed for 12 months during the 55<sup>th</sup> through 62<sup>nd</sup> month. The company's employee reports will be provided to the EDC to validate lists of employees employed with verification of each's employee's hire date and number of "eligible hours" worked. Monthly collections of \$1,085 began on January 1, 2019 and are to be collected until all principal and accrued, unpaid interest is exhausted. The EDC will allow credits against the loan based on the number of full-time employees, The note matures on December 1, 2025. As of September 30, 2020, the outstanding balance of the loan was \$65,276.

On September 17, 2018, the EDC entered into a forgivable loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$1,200,000 at an interest rate of 6.00% beginning September 17, 2019. The forgiveness of the loan will be contingent on the number of retained full-time employees, the base number being 26, plus new full-time employees hired each year by the company. The credit for retained employees is \$3,000 per employee in each of years 1 and 2. The credit for each full-time employee hired in years 2 through 4 is, \$5,000 per employee, in years 5 through 7 the credit is \$4,000 per employee, and in years 8 through 10, the credit \$3,000 per employee. Annual collections of \$153,813 began on the aforementioned date and are to be collected until all principal and accrued, unpaid interest is exhausted. The note matures on September 17, 2028. As of September 30, 2020, the outstanding balance of the loan was \$1,116,000.

On May 1, 2019, the EDC entered into a loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$53,500 at an interest rate of 6.00% beginning November 1, 2019. Monthly collections of \$1,029 began on the aforementioned date and are to be collected until all principal and accrued, unpaid interest is exhausted. The note is secured by a security agreement. On November 1, 2020 and 2021, each the Company will be given a grant in the amount of \$2,500 for each eligible full-time employee. On November 1, 2022 and 2023, each the Company will be given a grant in the amount of \$1,000 for each eligible full-time employee. In the event the receipt of any grant results in an overpayment of the loan agreement the EDC shall reimburse the Company. As of September 30, 2020, the outstanding balance of the loan was \$44,628.

Continued

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 11 – NOTES RECEIVABLE – Continuation**

On October 27, 2018, the EDC entered into a loan agreement with a company. Under the terms of the agreement, the EDC has loaned the company \$9,995 at an interest rate of 5.00% beginning June 27, 2019. Monthly collections of \$200 began on the aforementioned date and are to be collected until all principal and accrued, unpaid interest is exhausted. The note is secured by a security agreement. On November 27, 2019 the Company will be given a grant in the amount of \$2,500 for each eligible full-time employee. On November 27, 2020 the Company will be given a grant in the amount of \$1,500 for each eligible full-time employee. On November 27, 2021 the Company will be given a grant in the amount of \$1,000 for each eligible full-time employee. In the event the receipt of any grant results in an overpayment of the loan agreement the EDC shall reimburse the Company. As of September 30, 2020 the outstanding balance of the loan was \$8,349.

On March 5, 2020, the EDC entered into a loan agreement with a company. The agreement is contingent on the company acquiring real estate and making improvements to said real estate. Upon meeting those conditions, the loan in the amount of \$250,000 will be advanced. The loan will have interest at 5.00% per annum beginning March 5, 2021 and will be due in full on or before March 5, 2028. The EDC will allow credits against the loan based on the number of full-time employees. As of September 30, 2020, the outstanding balance of the loan was \$250,000.

Based upon the terms of the notes described above, the loan activity and the expected loan repayments are as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Notes receivable	\$ 1,693,716	\$ 251,913	\$ (222,003)	\$ 1,723,626	\$ 117,565
Less: allowance for uncollectible	<u>(76,743)</u>	-	<u>76,743</u>	-	-
	<u>\$ 1,616,973</u>	<u>\$ 251,913</u>	<u>\$ (145,260)</u>	<u>\$ 1,723,626</u>	<u>\$ 117,565</u>
	<u>Fiscal Year</u>		<u>Total</u>	<u>Notes Receivable</u>	
				<u>Principal</u>	<u>Interest</u>
	2021		\$ 130,698	\$ 117,565	\$ 13,133
	2022		95,365	86,029	9,336
	2023		84,087	78,633	5,454
	2024		40,645	37,955	2,690
	2025		21,338	20,108	1,230
	2026-2030		<u>2,313,151</u>	<u>1,383,336</u>	<u>929,815</u>
			<u>\$ 2,685,284</u>	<u>\$ 1,723,626</u>	<u>\$ 961,658</u>

**NOTE 12 – INVESTMENT PAMPA ENERGY CENTER, LLC**

On March 1, 2011, the EDC board of directors approved a project to develop an industrial park in Gray County, Texas. The board also authorized the EDC to enter into a membership interest purchase agreement to acquire 100% of the membership interest in Pampa Energy Center, LLC (PEC LLC).

The activities for the year ended September 30, 2020 for the Pampa Energy Center, LLC have been separately tracked and are combined with the EDC through the Combining Statement under other supplemental information.



**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2020**

**NOTE 13 – INVESTMENT LAS PAMPAS SQUARE, LLC**

On April 27, 2012, the EDC board of directors approved a project to purchase the assets of the existing open-air shopping center (Red Deer Creek Crossing) in the City of Pampa, Texas. After the purchase, the board also authorized the EDC to enter into a membership interest agreement to acquire 100% of the membership interest in Las Pampas Square, LLC (LPS LLC).

The activities for the year ended September 30, 2020 for Las Pampas Square, LLC have been separately tracked and are combined with the EDC through the Combining Statement under other supplemental information.

On October 23, 2013, the EDC board of directors approved an operating note to Las Pampas Square, LLC in the amount of \$670,000 for the costs of remodeling the building (including replacing the roof, a new HVAC unit, fence enclosure, and a new sign). Such intercompany notes have been eliminated on the Statement of Net Position. As of September 30, 2020, the outstanding balance of the loan was \$670,000.

**NOTE 14 – SUBSEQUENT EVENTS**

On December 1, 2020, the EDC board of directors approved the sale of Las Pampas Square. The sale was for 100% of the membership interest in LPS, LLC. The operations of Las Pampas Square, LLC will be accounted for through the date of sale and combined with the EDC. After the date of the sale the EDC will have no further rights or obligations in regard to Las Pampas Square.

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## **OTHER SUPPLEMENTARY INFORMATION**

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**BUDGET COMPARISON SCHEDULE**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<b>Original Budget</b>	<b>Final Budget</b>	<b>Actual Amounts</b>	<b>Budget Variance</b>
<b>REVENUES:</b>				
Sales taxes	\$ 1,000,000	\$ 1,000,000	\$ 1,161,252	\$ 161,252
Interest on checking	36,000	36,000	18,754	(17,246)
Interest on loans	16,356	16,356	15,803	(553)
Principal repayments on loans	72,972	72,972	-	(72,972)
Intergovernmental	-	-	207,160	207,160
Other revenues	-	-	18	18
	<hr/>	<hr/>	<hr/>	<hr/>
Total Revenues	1,125,328	1,125,328	1,402,987	277,659
<b>OPERATING EXPENSES:</b>				
Personnel				
Salary and wages	203,400	203,400	198,561	4,839
Car Allowance	13,200	13,200	9,808	3,392
Retirement	21,015	21,015	20,092	923
Payroll taxes	20,340	20,340	15,995	4,345
Health insurance	20,000	20,000	14,795	5,205
QuickBook payroll services	700	700	1,051	(351)
Advertising	20,000	20,000	14,515	5,485
Audit fees	15,000	15,000	12,900	2,100
Communications (telephone & Internet)	6,000	6,000	8,798	(2,798)
Web video production	5,000	5,000	-	5,000
Information technology (website & other)	10,000	10,000	10,500	(500)
Consulting services	39,000	39,000	39,000	-
Contract accounting services	35,000	35,000	31,200	3,800
Contract legal services	20,000	20,000	36,162	(16,162)
Dues and subscriptions	10,000	10,000	4,205	5,795
Insurance	25,000	25,000	15,842	9,158
Office rent	21,000	21,000	21,000	-
Operating supplies	15,000	15,000	9,868	5,132
Professional development	7,000	7,000	1,673	5,327
Projects and grants less than \$10,000	50,000	50,000	-	50,000
Projects and grants more than \$10,000	800,000	800,000	534,105	265,895
Business recruitment	40,000	40,000	-	40,000
Depreciation	-	-	643	(643)
	<hr/>	<hr/>	<hr/>	<hr/>
Total Operating Expenses	1,396,655	1,396,655	1,000,713	395,942
<b>NET REVENUES OVER (UNDER) EXPENSES</b>				
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ (271,327)	\$ (271,327)	\$ 402,274	\$ 673,601

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**NOTES TO SUPPLEMENTARY INFORMATION**  
**BUDGETARY COMPARISON SCHEDULE**  
**SEPTEMBER 30, 2020**

**NOTE 1 TO SUPPLEMENTARY INFORMATION – REVENUES AND EXPENSES – BUDGET:**

The Budget Comparison Schedule includes only the amounts for the EDC, which have been budgeted under the policies described in Note 2 of the Notes to the Financial Statements. None of the activities for the Pampa Energy Center LLC (PEC) or Las Pampas Square LLC (LPS) shown in the Combining Statement are included. As described in Notes 12 and 13 of the Notes to the Financial Statements above, PEC and LPS are kept separate from the EDC until being combined for financial statement presentation.

The EDC budgets for the collections on the notes receivable. These collections amounted to \$222,003. For financial reporting, they are not recognized as revenue.

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF NET POSITION**  
**SEPTEMBER 30, 2020**

	<u>PEDC</u>	<u>PEC, LLC</u>	<u>LPS, LLC</u>	<u>Eliminations</u>	<u>Combined Total</u>
<b>ASSETS</b>					
Current Assets:					
Cash and cash equivalents	\$ 3,106,581	\$ 2,307,546	\$ 132,306	\$ -	\$ 5,546,433
Investment in subsidiaries	5,888,148	299,566	-	(6,187,714)	-
Receivables, net	-	12,330	900	-	13,230
Due from primary government	191,785	-	-	-	191,785
Prepaid expenses	11,177	67,576	616	-	79,369
Notes receivable - current	<u>117,565</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>117,565</u>
Total current assets	<u>9,315,256</u>	<u>2,687,018</u>	<u>133,822</u>	<u>(6,187,714)</u>	<u>5,948,382</u>
Noncurrent Assets:					
Notes receivable	2,276,061	-	-	(670,000)	1,606,061
Capital assets, net of depreciation	<u>8,406</u>	<u>4,569,963</u>	<u>3,825,138</u>	<u>-</u>	<u>8,403,507</u>
Total noncurrent assets	<u>2,284,467</u>	<u>4,569,963</u>	<u>3,825,138</u>	<u>(670,000)</u>	<u>10,009,568</u>
Total assets	<u>11,599,723</u>	<u>7,256,981</u>	<u>3,958,960</u>	<u>(6,857,714)</u>	<u>15,957,950</u>
<b>LIABILITIES</b>					
Current Liabilities:					
Notes payable - current	-	62,375	152,087	-	214,462
Accounts payable	264	-	-	-	264
Accrued expenses	15,658	22,547	22,734	-	60,939
Unearned revenues	-	16,980	-	-	16,980
Compensated absences - current	<u>6,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,000</u>
Total current liabilities	<u>21,922</u>	<u>101,902</u>	<u>174,821</u>	<u>-</u>	<u>298,645</u>
Noncurrent Liabilities:					
Notes payable	-	1,266,931	3,475,163	(670,000)	4,072,094
Compensated absences	24,108	-	-	-	24,108
Tenant security deposits	<u>-</u>	<u>-</u>	<u>9,410</u>	<u>-</u>	<u>9,410</u>
Total noncurrent liabilities	<u>24,108</u>	<u>1,266,931</u>	<u>3,484,573</u>	<u>(670,000)</u>	<u>4,105,612</u>
Total liabilities	<u>46,030</u>	<u>1,368,833</u>	<u>3,659,394</u>	<u>(670,000)</u>	<u>4,404,257</u>
<b>NET POSITION</b>					
Net investment in capital assets	8,406	3,240,658	867,888	-	4,116,952
Unrestricted (deficit)	<u>11,545,287</u>	<u>2,647,490</u>	<u>(568,322)</u>	<u>(6,187,714)</u>	<u>7,436,741</u>
Total net position	<u>\$ 11,553,693</u>	<u>\$ 5,888,148</u>	<u>\$ 299,566</u>	<u>\$ (6,187,714)</u>	<u>\$ 11,553,693</u>

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF REVENUES AND EXPENSES**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>PEDC</u>	<u>PEC, LLC</u>	<u>LPS, LLC</u>	<u>Eliminations</u>	<u>Combined Total</u>
<b>OPERATING REVENUES:</b>					
Sales tax	\$ 1,161,252	\$ -	\$ -	\$ -	\$ 1,161,252
Lease revenues	-	2,006,541	435,997	-	2,442,538
Other revenues	<u>18</u>	<u>28,181</u>	<u>3,300</u>	-	<u>31,499</u>
Total operating revenues	<u>1,161,270</u>	<u>2,034,722</u>	<u>439,297</u>	-	<u>3,635,289</u>
<b>OPERATING EXPENSES:</b>					
Salaries and employee benefits	260,302	-	94,153	-	354,455
Advertising	25,015	-	340	-	25,355
Professional services	119,262	40,224	11,263	-	170,749
Communication	8,798	-	-	-	8,798
Dues and subscriptions	4,205	-	-	-	4,205
Insurance	15,842	78,994	75,124	-	169,960
Rent	21,000	-	-	-	21,000
Supplies, postage and printing	9,868	6,776	151	-	16,795
Professional development	1,673	-	-	-	1,673
Projects and grants	534,105	-	-	-	534,105
Travel	-	-	810	-	810
Repairs	-	-	57,395	-	57,395
Facility management fees	-	661,144	-	-	661,144
Taxes	-	35,055	30,335	-	65,390
Utilities	-	-	71,391	-	71,391
Depreciation	<u>643</u>	<u>142,862</u>	<u>299,524</u>	-	<u>443,029</u>
Total operating expenses	<u>1,000,713</u>	<u>965,055</u>	<u>640,486</u>	-	<u>2,606,254</u>
Operating (loss) / income	<u>160,557</u>	<u>1,069,667</u>	<u>(201,189)</u>	-	<u>1,029,035</u>
<b>NON-OPERATING REVENUES AND (EXPENSES):</b>					
Intergovernmental	207,160	-	-	-	207,160
Investment earnings	34,557	13,442	609	-	48,608
Interest expense	-	(88,341)	(188,037)	-	(276,378)
Income (Loss) from subsidiaries	606,151	(38,617)	-	(567,534)	-
Transfers	<u>-</u>	<u>(350,000)</u>	<u>350,000</u>	-	<u>-</u>
Total net non-operating revenues (expenses)	<u>847,868</u>	<u>(463,516)</u>	<u>162,572</u>	<u>(567,534)</u>	<u>(20,610)</u>
<b>CHANGE IN NET POSITION</b>	1,008,425	606,151	(38,617)	(567,534)	1,008,425
<b>NET POSITION - BEGINNING</b>	<u>10,545,268</u>	<u>5,281,997</u>	<u>338,183</u>	<u>(5,620,180)</u>	<u>10,545,268</u>
<b>NET POSITION - ENDING</b>	<u>\$ 11,553,693</u>	<u>\$ 5,888,148</u>	<u>\$ 299,566</u>	<u>\$ (6,187,714)</u>	<u>\$ 11,553,693</u>

**PAMPA ECONOMIC DEVELOPMENT CORPORATION**  
**COMBINING STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>PEDC</u>	<u>PEC, LLC</u>	<u>LPS, LLC</u>	<u>Eliminations</u>	<u>Combined Total</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>					
Receipts from sales taxes	\$ 1,157,567	\$ -	\$ -	\$ -	\$ 1,157,567
Receipts from lessees	-	2,010,832	435,497	-	2,446,329
Receipts from other operating revenues	18	28,181	9,415	-	37,614
Payments for personnel services	(257,171)	-	(94,153)	-	(351,324)
Payments for suppliers	(206,374)	(871,105)	(246,877)	-	(1,324,356)
Payments for projects and grants	(610,848)	-	-	-	(610,848)
	<u>83,192</u>	<u>1,167,908</u>	<u>103,882</u>	<u>-</u>	<u>1,354,982</u>
Net cash provided by operating activities					
<b>CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES:</b>					
Transfers	-	(350,000)	350,000	-	-
Operating grants	207,160	-	-	-	207,160
	<u>207,160</u>	<u>(350,000)</u>	<u>350,000</u>	<u>-</u>	<u>207,160</u>
Net cash provided (used) by non-capital financing activities					
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>					
Purchase of capital assets	-	-	(89,298)	-	(89,298)
Loans on notes receivable	(251,913)	-	-	-	(251,913)
Collections on notes receivable	222,003	-	-	-	222,003
Interest on investments and notes	34,557	13,442	609	-	48,608
	<u>4,647</u>	<u>13,442</u>	<u>(88,689)</u>	<u>-</u>	<u>(70,600)</u>
Net cash provided (used) by investing activities					
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>					
Payments on long-term debt	-	(66,243)	(101,728)	-	(167,971)
Interest paid on debt	-	(88,341)	(188,037)	-	(276,378)
	<u>-</u>	<u>(154,584)</u>	<u>(289,765)</u>	<u>-</u>	<u>(444,349)</u>
Net cash provided (used) by financing activities					
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	294,999	676,766	75,428	-	1,047,193
<b>CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR</b>	<u>2,811,582</u>	<u>1,630,780</u>	<u>56,878</u>	<u>-</u>	<u>4,499,240</u>
<b>CASH AND CASH EQUIVALENTS AT END OF YEAR</b>	<u>\$ 3,106,581</u>	<u>\$ 2,307,546</u>	<u>\$ 132,306</u>	<u>\$ -</u>	<u>\$ 5,546,433</u>

Continued



**PAMPA ECONOMIC DEVELOPMENT CORPORATION  
COMBINING STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>PEDC</u>	<u>PEC, LLC</u>	<u>LPS, LLC</u>	<u>Eliminations</u>	<u>Combined Total</u>
<b>RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH FLOWS FROM OPERATING ACTIVITIES</b>					
Operating income (loss)	\$ 160,557	\$ 1,069,667	\$ (201,189)	\$ -	\$ 1,029,035
Adjustment to reconcile operating income (loss) to net cash flows from operating activities:					
Depreciation	643	142,862	299,524	-	443,029
Change in allowance for doubtful accounts	(76,743)	-	-	-	(76,743)
(Increase) decrease in operating assets:					
Receivables	-	-	6,115	-	6,115
Due from primary government	(3,685)	-	-	-	(3,685)
Prepaid expenses	(711)	(49,410)	2	-	(50,119)
Increase (decrease) in operating liabilities:					
Accounts payable	54	(5)	-	-	49
Accrued expenses	3,077	503	(70)	-	3,510
Unearned revenues	-	4,291	-	-	4,291
Tenant security deposits	-	-	(500)	-	(500)
Net cash provided by operating activities	\$ 83,192	\$ 1,167,908	\$ 103,882	\$ -	\$ 1,354,982

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**PART III**  
**COMPLIANCE**



Board of Directors  
Pampa Economic Development Corporation  
Pampa, Texas

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

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 business-type activities of the Pampa Economic Development Corporation, as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the Pampa Economic Development Corporation's basic financial statements and have issued our report thereon dated January 8, 2021.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered Pampa Economic Development Corporation's internal control over financial reporting 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 Pampa Economic Development Corporation's internal control. Accordingly, we do not express an opinion on the effectiveness of Pampa Economic Development Corporation's internal control.

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

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Pampa Economic Development Corporation'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*.

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.

DOSHIER, PICKENS & FRANCIS, L.L.C.

DOSHIER, PICKENS & FRANCIS, LLC  
January 8, 2021