

City of Pflugerville, Texas

Annual Comprehensive Financial Report
For the Fiscal Year Ended September 30, 2024

Prepared by:
Department of Finance

City of Pflugerville Texas
 Annual Comprehensive Financial Report
 For the Fiscal Year Ended September 30, 2024
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Introductory Section



March XX, 2025

Honorable Mayor and City Council,
and Citizens of Pflugerville, Texas:

The Annual Comprehensive Financial Report (ACFR) of the City of Pflugerville, Texas, for the fiscal year ended September 30, 2024, including the independent auditor's report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2024.

Additionally, this report is published to provide City Council Members, our citizens, City bondholders, representatives of financial institutions, and other interested persons, with detailed information concerning the financial condition of the City government.

The City's Finance Department has prepared this report and assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal control that has been established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Pflugerville's financial statements for the year ended September 30, 2024. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

Management's discussion and analysis (MD&A) immediately follows the independent auditor's report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the City

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. This location places the City of Pflugerville within three hours of driving time of ninety percent of the population of the State of Texas. As with much of the Central Texas region, the population of Pflugerville continues to grow. For the fiscal year 2024, the City's Planning Department has estimated a total population of 79,668. This growth is expected to continue.

The City of Pflugerville is empowered to levy a property tax on real property located within its boundaries. It is also empowered by state statute to extend its corporate limits by annexation, which it has done from time to time.

The City of Pflugerville became a home rule city in 1993 and operates under the council-manager form of government. Policy-making and legislative authority are vested in a governing council (Council) consisting of the mayor and six council members, all elected on a non-partisan, at-large basis. The Council appoints the City Manager, who in turn appoints the managers of the various departments. Council members and the mayor serve three-year terms, with two members elected each year.

Profile of the City (continued)

The City of Pflugerville provides a full range of municipal services including general government, public safety, the construction and maintenance of streets and other infrastructure, recreational and cultural activities, animal welfare, water and wastewater service utilities, and planning and development. Solid Waste services are provided by the City but are privately contracted.

Economic development activities are provided through a legally separate corporation, Pflugerville Community Development Corporation, reported separately within the City of Pflugerville's financial statements as a discrete component unit. Additional information on this component unit can be found in the notes to the financial statements (See Note 1).

The Council is required to adopt a balanced budget by no later than September 30, for the fiscal year beginning on October 1. This annual budget serves as the foundation for the City of Pflugerville's financial planning and control. The budget is prepared by fund and department. The legal level of budgetary control (that is, the level at which expenditures cannot legally exceed the appropriated amount) is established at the department level within an individual fund.

Strategic Plan

The Strategic Plan is the guiding document that outlines goals and objectives for the City of Pflugerville. City Council identified four key themes to serve as the foundation of the 2021-2025 Strategic Plan. These themes were: Safety, Economic Development, Infrastructure and Services.

• **Safety**

- Maintain a low crime rate by reducing property and violent crimes.
- Prepare policies that ensure land development choices and regulations contribute to the safety of the community.
- Implement emergency medical services and evaluate the integration of fire services capabilities.
- Implement and expand community engagement activities that promote positive interactions with residents, visitors and businesses.

• **Economic Development**

- Maintain efforts to grow job opportunities in the community.
- Plan for growth that supports and maintains a high quality of life for existing and future residents.
- Implement programs, policies, and actions that increase job opportunities for residents and focus on industries that contribute to the community.

• **Infrastructure**

- Maintain infrastructure to always ensure resiliency and operability.
- Prepare City infrastructure for the growth of Pflugerville in a responsible manner.
- Implement plans to provide resilient infrastructure.

• **Services**

- Plan for the future of Parks and Recreation and Library Services for current and future residents.
- Prepare programs and services in a safe and responsible manner.
- Implement programs and complete facilities that support a high quality of life.

These themes helped us determine four main goals to address over the next five years. By pursuing these, we will be better positioned to provide impactful programs and services for our residents for decades to come. Taken as a whole, these actions not only change what we do, but how we do it. Our four main goals are to 1) Become the safest city in Texas, 2) Develop economically to create a fiscally sustainable city with high quality of life, 3) Maintain and prepare a robust, resilient infrastructure that exceeds expectations and 4) Engage the community through vibrant parks and recreation and library programs and services.

MISSION: Pflugerville fosters a high quality of life, economic opportunity, and a sustainable and diverse community.

VISION: Our vision is to be a dynamic, regional leader by offering a safe, welcoming, and inclusive city with a strong sense of community that attracts a talented workforce and desirable businesses.

Local economy

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

According to the U.S. Census, the City's population increased from 46,936 in 2010 to an estimated 65,191 in 2020, a 29% increase over the ten-year period. The City currently estimates the population at 82,222 as of January 1, 2025 and anticipates growth to continue at a rate of approximately 3% each year for the next several years. This growth is reflective of the population increase seen in the entire Central Texas (Austin-Round Rock MSA) region and by the amount of housing currently under development in Pflugerville.

The City of Pflugerville was originally established as a farming community which later, developed into a bedroom community, that established a reliance on residential property tax revenues to support the general fund operating and debt service expenditures. Pflugerville is now an urban suburb that supports a growing commercial environment and attracts a greater diversity of housing. The City's proximity to major employers such as Dell, Samsung, The University of Texas, and the State of Texas has allowed for rapid growth in the housing market and contributed to a growing commercial market.

As the region continues to see record job growth to the east and north of downtown Austin, the SH45 and SH130 corridors, as well as the proximity to Austin Executive Airport, have positioned Pflugerville with direct access to current and planned employers such as Amazon, Tesla, Samsung, Apple, Dell, and IBM and other local business parks in the Pflugerville area. This proximity has established Pflugerville as a location attractive to employers that support the region's business industry. The business growth within Pflugerville is most reflective of the recent addition of approximately 1.3 million square feet of employment space that includes companies like PepsiCo, Wisenbaker, and EOS IT solutions.

130 Business Park

Located at SH 130 and Pecan Drive, the 1.65 million square feet development provides approximately 1,400 jobs and is home to the following headquarters and commercial properties: EOS, REE Automotive, LifeLast, Community Impact, FinSpeed, Exaco, Boring, FSG, MW Builders, Cortect Precision Manufacturing, Flooring Services, Regional RedEx, EIEIO, MoboTrex, Cumberland Additive, Thin-Nology, PCDC, as well as Best Western Courtyard by Marriott, Platinum Gymnastics, and D-Bat.

Typhoon Texas

Located at Towne Center Drive and FM685, this development opened a new restaurant in FY22 and employs over 350 students and residents in the summer months.

Amazon Distribution Center

Located at East Pecan Street and SH 130, this development covers 94 acres including a 3.8 million square feet facility for distribution and logistics. Amazon provides over 1,000 local jobs.

Stone Hill Town Center

Located at SH130 and SH45, this development hosts over 1,031,626 square feet of retail space, restaurants, hotels, a movie theater, a fitness center and other services. Stone Hill was rated #2 most-visited shopping center within 50 miles by Placer in 2021.

Springbrook Corporate Center

Located at Meister Land and Schultz Lane and Springbrook Road and New Meister Lane, this development consists of nine buildings used for light industrial. The development covers just over 49 acres with the buildings occupying 948 thousand square feet of space.

130 Logistics

Located at SH 130 and Impact Way, this development covers 15.5 acres and consists of 247 thousand square feet of buildings used for light industrial. This space is fully leased and should be complete in the coming year.

Long-term Financial Planning

At the end of the fiscal year 2023, the unassigned fund balance in the general fund was 35% of total general fund operating expenditures for the year. This percentage meets the policy guidelines set by the Council for budgetary and planning purposes that require at least 25% of total general fund expenditures. Using a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes maintaining the fund balance at a 35% target level. The City maintains five-year forecasts for all major funds.

In 2010 the City Council approved an update of the City's Comprehensive Plan. The Comprehensive Plan is the principal guide for use in the daily planning decisions regarding growth, development, and regulation of current and future development within the city limits of the City and its extra-territorial jurisdiction (ETJ).

In 2022, the City Council adopted the Aspire Pflugerville 2040 Comprehensive Plan. This was a project that began in September 2020, and outlines where Pflugerville is today and aspires to be by the year 2040. The Aspire Pflugerville 2040 Comprehensive Plan outlines the goals, policies, and action items necessary to meet the community's vision for Pflugerville by the year 2040. During fiscal year 2024, the City initiated the update of several master plans including Water Master Plan, Wastewater Master Plan, Parks, Recreation, and Open Space Master Plan, and the Transportation Master Plan.

2040 Vision Statement

"Pflugerville thrives as a modern and charming community. Its diverse culture and heritage, atmosphere of inclusion, first-rate parks, vital infrastructure, employment opportunities, and entertainment options make Pflugerville a desirable place. These elements create a vibrant city with a high quality of life that fosters an environment appealing to people from all backgrounds."

Six Guiding Principles:

- **Diverse and Equitable**

Facilitates an achievable quality of life regardless of race, ethnicity, age, gender, disability, income, and background. Acknowledge and celebrate the diverse cultures that make up the City. Pflugerville prides itself on being a city with a diverse population. The community recognizes how special this is and wants to celebrate the diverse cultures today and remain inclusive in the future.

The welcoming atmosphere and equitable policies will ensure all people have an opportunity not just to survive but to thrive here.

- **Community Oriented**

Provide events, programming and gathering places that serve a diverse population and provide for a family-friendly environment. Pflugerville desires to maintain its community-oriented environment. Many people and families are drawn to Pflugerville because of its welcoming and friendly atmosphere. There are places for residents and all types of families to gather for events, programs, or just to spend time together.

- **Fiscally Responsible**

Make sound decisions and prioritize budgets to prepare the City for the future. The foundation of the City is based on collaborative stakeholder input toward responsible management of the City's resources by fostering transparent, open communication of fiscal decisions. It is beneficial to ensure stakeholders gain an understanding of how tax dollars are allocated.

- **Environmentally Sustainable**

Protect and preserve the environment, including air quality and water quality for future generations. The community cherishes its natural environment and seeks to preserve it for the future. The parks, nature preserves, creeks, and Lake Pflugerville are community assets that enhance Pflugerville's quality of life and will need to be managed appropriately to protect them for future generations.

Long-term Financial Planning (continued)

- **Safe and Healthy**

People feel safe and secure throughout the community. Pflugerville sees the importance of being active and engaged. The community values its trails, sidewalks, and parks that provide respite from the busy city. The greenspaces help improve the community's physical and mental health. Pflugerville fosters an environment where residents and visitors can feel comfortable and secure as a foundation for thriving within the community.

- **Economic Opportunities for All**

The City welcomes new businesses and supports existing businesses. Pflugerville supports the development of businesses and people through continuous workforce development to sustain the growth of businesses that represent our diverse community.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awards a Certificate of Achievement for Excellence in Financial. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

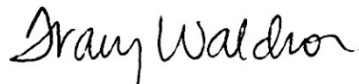
A Certificate of Achievement is valid for a period of one year only. We believe that our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Conclusion

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its presentation. Additionally, we would like to express our appreciation to the staff at Weaver and Tidwell, L.L.P. for their assistance and input in the preparation of this document.

We would also like to thank the City Manager, Deputy City Manager, Mayor, and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Pflugerville's finances. The preparation of this report would not be possible without their leadership and support.

Respectfully submitted,



Tracy Waldron
Finance Director

City of Pflugerville, Texas
Principal City Officials
September 30, 2024

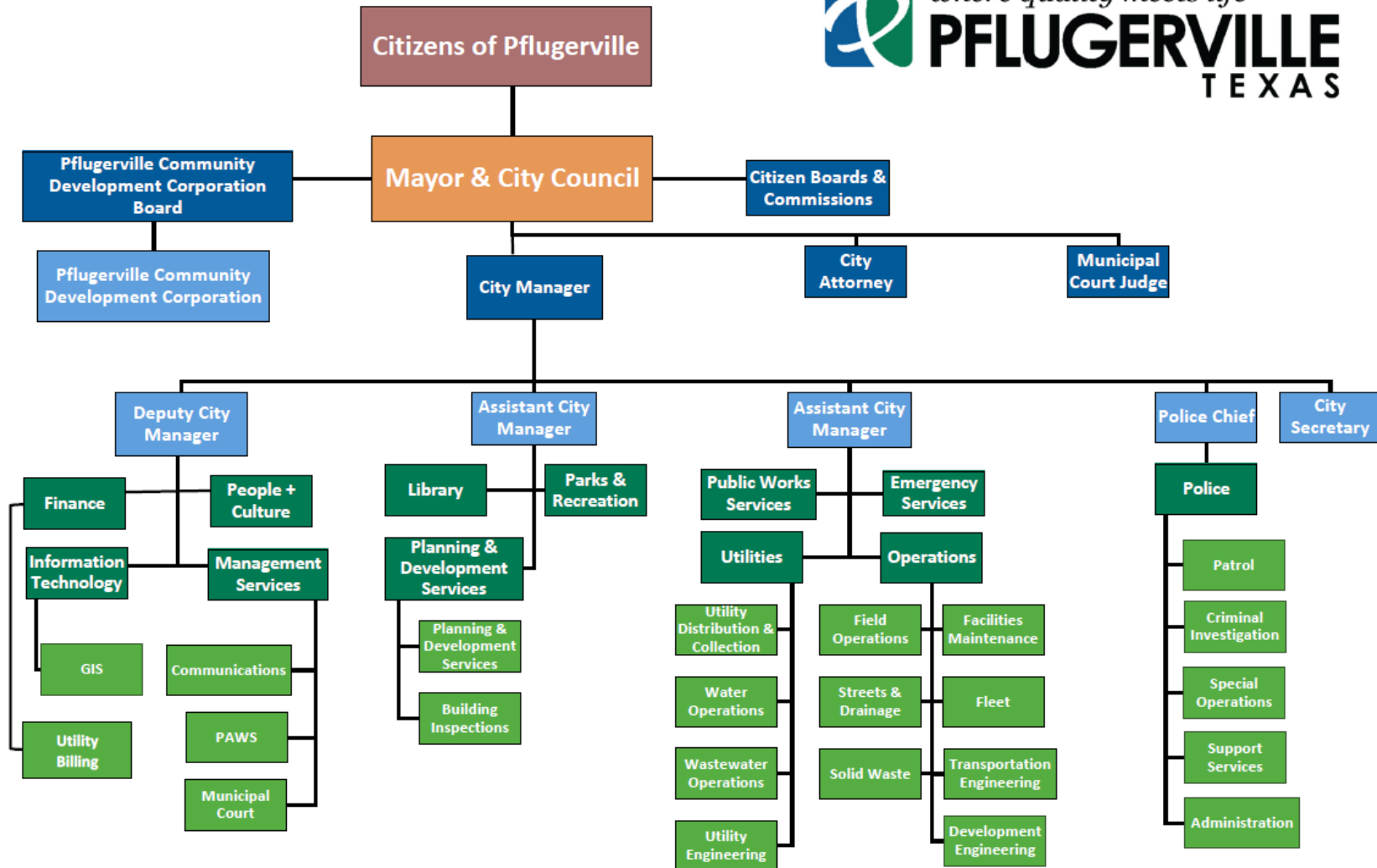
Elected Officials

Victor Gonzales Mayor
Doug Weiss Mayor Pro Tem / Place 1
Ceasar Ruiz.....Place 2
Kimberly HolidayPlace 3
Rudy MetayerPlace 4
Jim McDonaldPlace 5
David Rogers.....Place 6

City Management

Sereniah Breland City Manager
James HartshornDeputy City Manager
Emily BarronAssistant City Manager
Thomas HunterAssistant City Manager
Tracy Waldron.....Finance Director
Jason O'Malley.....Police Chief
Trista Evans City Secretary

City of Pflugerville, Texas Organizational Chart



Financial Section

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Independent Auditor's Report

The Honorable Mayor
and Members of the City Council of
City of Pflugerville, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pflugerville, Texas (the City), as of and for the year ended September 30, 2024, and the respective changes in related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof, and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

Restatement

As discussed in Note 4 to the basic financial statements, the City restated the beginning net position of the water/wastewater and solid waste funds to correct misstatements in its previously issued 2023 financial statements. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

The Honorable Mayor
and Members of the City Council of the
City of Pflugerville, Texas

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 this 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.

The Honorable Mayor
and Members of the City Council of the
City of Pflugerville, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Combining Statements and Budgetary Schedules, as listed in the table of contents, and Schedule of Expenditures of Federal Awards as required by Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements of Federal Awards* (Uniform Guidance), are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The Combining Statements and Budgetary Schedules and Schedule of Expenditures of Federal Awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining Statements and Budgetary Schedules and Schedule of Expenditures of Federal Awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report (ACFR). The other information comprises the Introductory and Statistical Sections, as listed in the table of contents, but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated **March XX, 2025** on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

NAME OF FIRM

Austin, Texas
March XX, 2025

Management's Discussion and Analysis

As management of the City of Pflugerville, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages v - ix of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2024, by \$449,728,351 (net position). Of this amount, \$54,101,927 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$495,310,586, a decrease of \$11,306,974 in comparison with the prior year. Most of this decrease can be attributed to the spending down of cash on capital projects.
- At the end of the fiscal year 2024, unassigned fund balance in the general fund was \$21,027,041 or 31% of general fund operating expenditures. The City Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2024, that amount was \$17.1 million.
- The City's total bonded debt increased by \$138,615,228 (17%) during the current fiscal year as a result of debt issuances and payments made during the year.

Overview of the Financial Statements

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

Government - wide Financial Statements

The government - wide financial statements report information about the City as a whole, using accounting methods similar to those used by private - sector companies. The *statement of net position* presents information on all the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources to arrive at net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the City is improving or deteriorating. To assess the overall health of the City, one needs to consider other non - financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

Both government - wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business type activities*). The governmental activities of the City include general government, public safety, public works and streets, and culture and recreation. The business - type activities of the City include water, wastewater, and solid waste services. Fees charged to customers fund the costs of providing these services.

The government - wide financial statements can be found on pages 16 - 18 of this report.

Fund Financial Statements

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance - related legal requirements. All the funds of the City can be divided into two categories: governmental funds and proprietary funds. The fund financial statements provide more detailed information about the City's most significant funds and will be more familiar to traditional users of government financial statements. The focus is on major funds rather than fund types.

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

The governmental funds statements provide a short-term view that helps determine whether there are more or fewer financial resources that can be spent in the near future to finance the City's programs. Because this information does not encompass the additional long-term focus of the government - wide statements, additional information is provided with the governmental fund financial statements that explain the reconciliation between the fund statements and the government - wide statements.

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

The City adopts an annual appropriated budget for all major funds and most nonmajor governmental funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 19 - 24 of this report.

Proprietary Funds – Services for which the City charges fees and rates that intend to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, like the government - wide statements, provide both long - term and short - term financial information. The City has two enterprise funds (and no internal service funds).

The City's enterprise funds are substantially the same as its business - type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes the enterprise funds to account for its water, wastewater, and solid waste services. The basic proprietary fund financial statements can be found on pages 25 - 29 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government - wide and fund financial statements. The notes to the financial statements can be found on pages 31 - 67.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 69 - 77.

Financial Analysis of the City as a Whole

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Current and other assets | \$ 567,712,057 | \$ 539,215,833 | \$ 196,623,760 | \$ 117,545,947 | \$ 764,335,817 | \$ 656,761,780 |
| Capital assets | 339,661,024 | 294,311,625 | 494,915,429 | 370,311,929 | 834,576,453 | 664,623,554 |
| Total assets | <u>907,373,081</u> | <u>833,527,458</u> | <u>691,539,189</u> | <u>487,857,876</u> | <u>1,598,912,270</u> | <u>1,321,385,334</u> |
| Total deferred outflows of resources | 11,919,256 | 13,875,158 | 3,156,874 | 3,926,201 | 15,076,130 | 17,801,359 |
| Long-term liabilities outstanding | 627,908,471 | 632,681,482 | 406,935,066 | 261,663,819 | 1,034,843,537 | 894,345,301 |
| Other liabilities | 37,162,253 | 34,546,679 | 52,669,253 | 20,097,425 | 89,831,506 | 54,644,104 |
| Total liabilities | <u>665,070,724</u> | <u>667,228,161</u> | <u>459,604,319</u> | <u>281,761,244</u> | <u>1,124,675,043</u> | <u>948,989,405</u> |
| Total deferred inflows of resources | 39,359,883 | 1,536,467 | 225,123 | 230,428 | 39,585,006 | 1,766,895 |
| Net position: | | | | | | |
| Net investment in capital assets | 158,949,554 | 90,863,720 | 217,708,012 | 182,180,579 | 376,657,566 | 273,044,299 |
| Restricted | 14,263,202 | 9,939,679 | 4,705,656 | 8,656,795 | 18,968,858 | 18,596,474 |
| Unrestricted | <u>41,648,974</u> | <u>77,834,589</u> | <u>12,452,953</u> | <u>18,955,031</u> | <u>54,101,927</u> | <u>96,789,620</u> |
| Total net position | <u>\$ 214,861,730</u> | <u>\$ 178,637,988</u> | <u>\$ 234,866,621</u> | <u>\$ 209,792,405</u> | <u>\$ 449,728,351</u> | <u>\$ 388,430,393</u> |

A portion of the City's net position, \$18,968,858 (4%), represents resources that are subject to external restrictions on how they may be used. The unrestricted net position, \$54,101,927 (12%), may be used to meet the City's ongoing obligations to citizens and creditors.

Net investment in capital assets increased due primarily to the high number of capital projects that were completed or started during the fiscal year. Long-term debt increased as a result of current year debt issuances.

Current assets and long-term liabilities increased in the business-type activities due to current year debt issuances.

At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the City as a whole, as well as for its governmental activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2024

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|--|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 5,674,738 | \$ 6,096,297 | \$ 57,898,504 | \$ 50,974,369 | \$ 63,573,242 | \$ 57,070,666 |
| Operating grants and contributions | 8,818,069 | 1,500,899 | - | 555,755 | 8,818,069 | 2,056,654 |
| Capital grants and contributions | 14,171,097 | 18,545,875 | 10,293,644 | 13,751,869 | 24,464,741 | 32,297,744 |
| General revenues: | | | | | | |
| Taxes | 86,914,372 | 73,696,064 | - | - | 86,914,372 | 73,696,064 |
| Investment earnings | 28,802,963 | 12,150,912 | 8,160,523 | 5,853,905 | 36,963,486 | 18,004,817 |
| Miscellaneous | 1,735,118 | 2,689,617 | 607,815 | 529,160 | 2,342,933 | 3,218,777 |
| Total revenues | 146,116,357 | 114,679,664 | 76,960,486 | 71,665,058 | 223,076,843 | 186,344,722 |
| Expenses | | | | | | |
| General government | 25,692,421 | 27,276,640 | - | - | 25,692,421 | 27,276,640 |
| Public safety | 22,095,470 | 20,124,798 | - | - | 22,095,470 | 20,124,798 |
| Public works and streets | 23,239,204 | 24,256,885 | - | - | 23,239,204 | 24,256,885 |
| Culture and recreation | 11,810,634 | 12,957,537 | - | - | 11,810,634 | 12,957,537 |
| Interest on long-term debt | 30,853,686 | 14,273,065 | - | - | 30,853,686 | 14,273,065 |
| Water/Wastewater | - | - | 42,545,706 | 39,587,028 | 42,545,706 | 39,587,028 |
| Solid Waste | - | - | 5,541,764 | 8,602,448 | 5,541,764 | 8,602,448 |
| Total expenses | 113,691,415 | 98,888,925 | 48,087,470 | 48,189,476 | 161,778,885 | 147,078,401 |
| Increase (decrease) in net position before transfers | 32,424,942 | 15,790,739 | 28,873,016 | 23,475,582 | 61,297,958 | 39,266,321 |
| Transfers | 3,798,800 | 3,006,744 | (3,798,800) | (3,006,744) | - | - |
| Change in net position | 36,223,742 | 18,797,483 | 25,074,216 | 20,468,838 | 61,297,958 | 39,266,321 |
| Net position - beginning | 178,637,988 | 159,840,505 | 209,792,405 | 189,323,567 | 388,430,393 | 349,164,072 |
| Net position - ending | \$ 214,861,730 | \$ 178,637,988 | \$ 234,866,621 | \$ 209,792,405 | \$ 449,728,351 | \$ 388,430,393 |

Revenues

Property tax revenue, including penalties and interest, increased 25% (\$12,275,126) during this fiscal year. This was due to an increase in appraised value on new and existing property in the City and an increase in the debt rate. Property tax revenue accounts for 41% of total revenues for governmental activities. The ad valorem tax rate for fiscal year 2024 was \$0.5362 per \$100 of assessed valuation. This was an increase from \$0.4813 from the previous year.

Sales tax revenue was \$18.9 million for fiscal year 2024, an increase of 2% over the prior year. Sales tax revenue constitutes 13% of the total revenue for governmental activities.

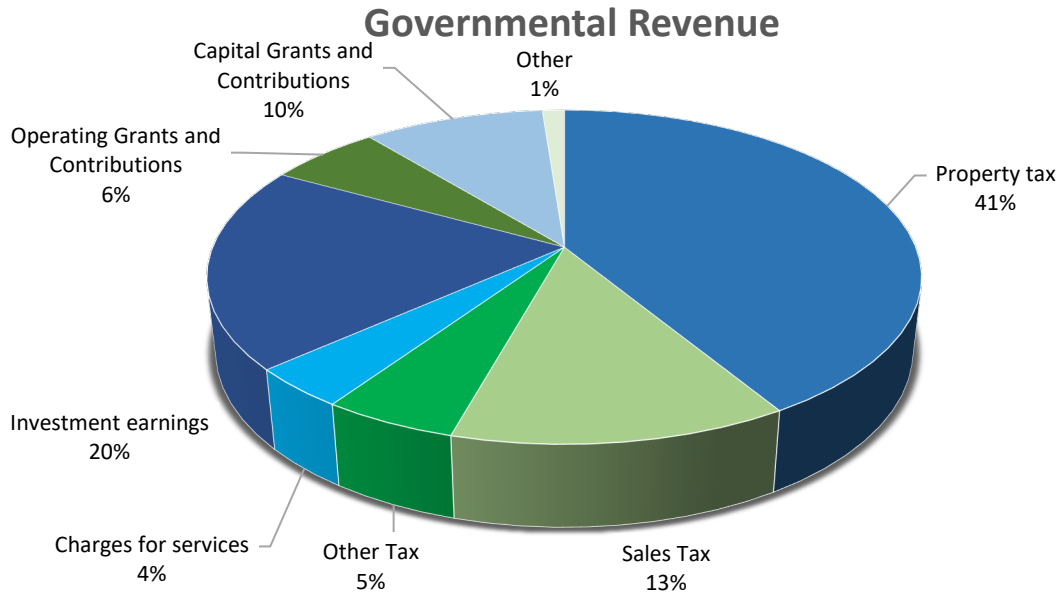
Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled \$7.6 million.

Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business - type activities is described on the following page.

- **Governmental activities program revenue** was \$28.7 million. Capital grants and contributions are the largest component of this revenue category. These are comprised primarily of developer contributions of infrastructure.
- **Business - type activities program revenue** totaled \$68.2 million. The majority of these revenues are reported in the category charges for services, which represents receipts from utility customers for water, wastewater, and solid waste services. Capital contributions, which include infrastructure contributed by developers and impact fees, accounted for \$10.3 million of revenue during fiscal year 2024.

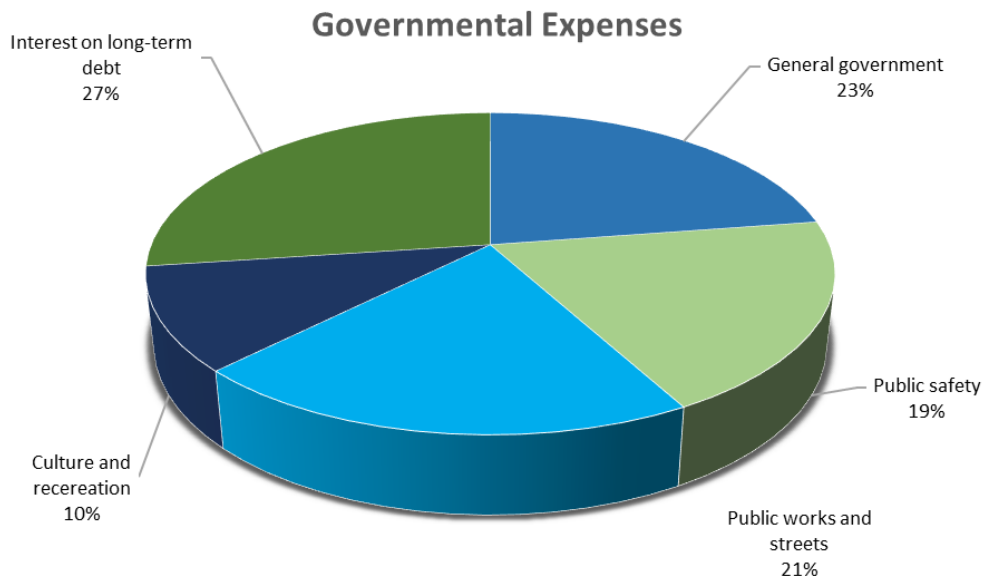
Governmental Activities Revenues

Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.



Expenses

Governmental activities. The below chart represents the total expenses through all functions. The operating expenditures for governmental activities increased by 15% in fiscal year 2024. Increased interest in long-term debt attributed to the overall increase.



Business - type activities. Business - type activities increased the City's net position by \$25.1 million. This increase in net position was composed primarily of increased water and wastewater revenue due to growth and increased capital contributions (water and wastewater infrastructure donations) from developers. Charges for services for business - type activities increased 14% during fiscal year 2024 due to growth within the City.

Financial Analysis of the City's Funds

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

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

As of the end of fiscal year 2024, the City's governmental funds reported a combined ending fund balance of \$495,310,586 a decrease of \$11,306,974 in comparison with the fiscal year beginning fund balance. The City increased the amount being spent on capital outlay as they implement the projects informed by the Capital Improvement Program. Approximately 4% of this total amount (\$21 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. Funds have been restricted, by law or outside sources, to pay for capital projects (\$451,915,032); debt service (\$10,509,272); and specific programs in the nonmajor governmental funds (\$7,433,582).

In addition, funds have been assigned by the City Council (\$4,081,621) for the subsequent year's budget deficit. The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$21,027,041. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 31% of total general fund expenditures.

The fund balance of the City's general fund increased by \$1,026,705 during fiscal year 2024. General fund property tax revenue increased 4% from fiscal year 2023 due to higher average residential value within the City and growth from new construction. Sales tax revenue increased 1.7% during fiscal 2024 to \$18.9 million as new retail continues to develop within the City.

The fund balance of the City's debt service fund increased by \$2,710,250 during fiscal year 2024. The increase in fund balance is attributed to an excess collection of property tax revenue and investment earnings over budgeted amounts.

The nonmajor governmental funds are used to account for the proceeds of specific revenue sources that are legally or contractually restricted to be expended for specified purposes. These include funds received from various federal and State of Texas agencies for the City's equitable share of proceeds from seized and forfeited property, fees for child safety, fees for training and technology, fees for Public, Educational, and Governmental (PEG) access channels, hotel occupancy tax (HOT) received, property tax received from a Tax Increment Reinvestment Zone (TIRZ#1), public improvement districts, and reimbursements for the Community Development Block Grant (CDBG). The largest portion of revenues from these funds come from property taxes received from the TIRZ and revenue recognized in the American Rescue Plan fund. The largest portion of expenditures from these funds comes from Hotel Occupancy Tax-related expenditures and American Rescue Plan expenditures. The fund balance in these funds increased by \$1,886,335 during fiscal year 2024. Most of this growth is attributed to the increase in property tax revenue in the TIRZ fund.

Nonmajor governmental funds were spent on equipment for the police department, school crossing guard services, upgrading PFTV media equipment and street improvements approved through CDBG. Transfers to debt service for TIRZ contractual obligations are also included. The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest. On September 30, 2024, this fund had a total ending fund balance of \$10,509,272.

The capital projects fund is used to account for financial resources dedicated for the acquisition or construction of major capital facilities other than those financed by the proprietary fund. Expenditures for construction projects include Kelly Lane Phase 2, Colorado Sands Drive, Justice Center parking lot, Wilbarger Creek Park Phase 2, several Street Reconstruction packages, and the design of the new City Hall, Multi-generational Recreation Center and a Public Works Complex.

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

Unrestricted net position of the water/wastewater fund at the end of the year amounted to \$10,592,112. Beginning net position was restated by \$999,974 to correct an error in the classification of accounts receivables between the water/wastewater fund and solid waste fund. The total growth in net position was \$25,133,508. This increase in net position was composed primarily of increased revenues in water and wastewater sales due to growth and rate increase.

The Solid Waste fund had a small decrease in net position of \$59,292. As stated in the preceding paragraph, beginning net position was restated by \$999,974 to correct an error in the classification of accounts receivables. The fund purchased a piece of equipment using available fund balance reserves.

General Fund Budgetary Highlights

The following is a brief review of the budgetary changes from the original to the final budget. The City approved multiple sets of general fund budget amendments during fiscal year 2024. These amendments increased the overall budgeted expenditures by \$3,918,577 from the original budget, an increase of 5.7%. The largest increase in budgetary expenditures were in information technology, legal, police, streets, fleet, and parks and recreation. There were amendments to the revenue budget of \$1,994,203 that covered a portion of these expenditure increases.

Total revenues exceeded budget by \$978,356. The largest variance was in development fees, which exceeded budget by \$1.3 million. Expenditures came in \$194,865 under budgeted amounts. The largest variance in expenditures occurred in information technology, which came in \$688,796 under budget. There were expenses budgeted under City-wide software that, at year end, were reclassified to subscriptions.

Capital Asset and Debt Administration

Capital assets. The City's investment in capital assets for its governmental and business - type activities as of September 30, 2024, amounts to \$834,576,453, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, software, park facilities, streets, water and wastewater facilities, and infrastructure.

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|------------------------------------|----------------------------|-----------------------|-----------------------------|-----------------------|-----------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | (restated) 2023 |
| Land | \$ 23,348,180 | \$ 23,348,180 | \$ 10,753,211 | \$ 10,715,211 | \$ 34,101,391 | \$ 34,063,391 |
| Water rights | - | - | 9,843,758 | 9,843,758 | 9,843,758 | 9,843,758 |
| Construction in progress | 72,323,863 | 28,759,163 | 208,864,488 | 157,524,439 | 281,188,351 | 186,283,602 |
| Buildings and improvements | 48,372,981 | 46,056,371 | 2,156,101 | 1,955,367 | 50,529,082 | 48,011,738 |
| Machinery and equipment | 6,061,173 | 5,268,510 | 19,554,096 | 2,661,704 | 25,615,269 | 7,930,214 |
| Software | 599,368 | 666,587 | - | - | 599,368 | 666,587 |
| Infrastructure | 184,160,208 | 186,837,392 | 242,742,564 | 186,991,619 | 426,902,772 | 373,829,011 |
| Right-to-use asset - leases | 3,290,157 | 2,451,446 | 666,982 | 503,280 | 3,957,139 | 2,954,726 |
| Right-to-use asset - subscriptions | 1,505,094 | 923,976 | 334,229 | 116,551 | 1,839,323 | 1,040,527 |
| Total | \$ 339,661,024 | \$ 294,311,625 | \$ 494,915,429 | \$ 370,311,929 | \$ 834,576,453 | \$ 664,623,554 |

Major capital asset events during the current fiscal year included the following:

- City intersections
- Design of new City Hall, Multi-generational Recreation Center, and Public Works Complex
- Replacement of vehicles and equipment
- Street & drainage infrastructure with three street reconstruction packages
- New and continued construction on Immanuel Road, Kelly Lane, Colorado Sands Drive
- Park improvements including Wilbarger Creek Phase 2
- Construction continues on Wilbarger wastewater treatment plant, elevated water storage tanks, water treatment plant expansion, water treatment plant emergency generator power system, the Colorado River raw waterline, among various other utility improvements.

The City's financial policies mandate maintenance and repair of the City's capital assets and infrastructure. The City budgets for ongoing street maintenance projects in addition to staff costs and other maintenance costs of the street department. Water and wastewater infrastructure maintenance is budgeted within the utility fund. Additional information on the City's capital assets can be found in Note 3 to the financial statements.

Long - term Debt. As of September 30, 2024, the City had total bonded debt outstanding of \$949,127,067 secured by the full faith and credit of the City.

| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|----------------------------|-------------------------|-----------------------|--------------------------|-----------------------|--------------------------|-----------------------|
| | 2024 | 2023 | 2024 | 2023 | 2024 | 2023 |
| General obligation bonds | \$ 188,308,719 | \$ 194,865,584 | \$ 41,116,281 | \$ 43,310,655 | \$ 229,425,000 | \$ 238,176,239 |
| Certificates of obligation | 276,875,054 | 279,916,721 | 124,219,947 | 128,463,280 | 401,095,001 | 408,380,001 |
| Revenue bonds | - | - | 222,302,066 | 67,150,598 | 222,302,066 | 67,150,598 |
| Bond issuance premiums | 37,308,455 | 39,282,887 | 17,809,278 | 19,121,151 | 55,117,733 | 58,404,038 |
| Bond issuance discounts | - | - | (3,004,781) | (969,442) | (3,004,781) | (969,442) |
| Limited tax notes | 96,305,000 | 96,805,000 | - | - | 96,305,000 | 96,805,000 |
| Notes payable | 436,406 | 500,000 | 458,161 | 500,000 | 894,567 | 1,000,000 |
| Arbitrage | 7,099,369 | - | - | - | 7,099,369 | - |
| Leases | 3,333,416 | 2,403,669 | 668,201 | 482,997 | 4,001,617 | 2,886,666 |
| Subscriptions | 1,443,514 | 843,073 | 232,061 | 108,703 | 1,675,575 | 951,776 |
| Compensated absences | 1,501,596 | 965,269 | 220,150 | 179,159 | 1,721,746 | 1,144,428 |
| Net pension liability | 14,194,527 | 16,129,249 | 2,703,719 | 3,127,257 | 16,898,246 | 19,256,506 |
| OPEB liability | 1,102,415 | 970,030 | 209,983 | 189,460 | 1,312,398 | 1,159,490 |
| Total | \$ 627,908,471 | \$ 632,681,482 | \$ 406,935,066 | \$ 261,663,818 | \$ 1,034,843,537 | \$ 894,345,300 |

The City's total debt outstanding increased by \$138,615,228 (17%) during the current fiscal year as a result of debt issuances during the year.

The State of Texas limits the legal amount of the tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2024 debt levy equaled \$0.2877 per \$100 assessed valuation, or 29.1% of the maximum allowed.

Additional information about the City's long - term debt is presented in Note 3 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The development of the City's budget is guided by several factors including the Council's Strategic Plan, prevailing economic conditions, and the continuing need to provide basic and improved customer services for a growing population. The fiscal year 2025 budget adopted by the City Council adheres to the City's financial policies and preserves the City's strong financial position while providing excellent levels of service. The driving factor of the fiscal year 2025 budget was a focus on the Strategic Plan with four themes, safety, economic development, infrastructure, and service.

The City's economy is expected to generate approximately \$20.4 million in sales tax revenue for fiscal year 2025. The City of Pflugerville's continued growth in the diversity of retail establishments and area population has contributed to steady increases in the sales tax revenue base over the past several years. As the South-central region of Texas continues to experience record growth and strong economic conditions.

Ad valorem property tax revenue remains the largest funding source in the General Fund at \$28.5 million, or 44% of the funds' revenue. Year-over-year the General Fund will realize a 9.6% increase in property tax revenue as values continue to increase. The adopted tax rate for the City increased to \$.5428 per \$100 of valuation. This increase was only a .007% over the previous fiscal year.

In alignment with City Council strategic plan to support infrastructure, the water and wastewater operations of the City will continue to make significant capital investments. As the capital plans are implemented in the water treatment plant, securing water rights, and expansion of wastewater treatment plants the impact to operations has been reflected in the five-year forecast. Operating revenues in the five-year forecast reflect the following assumptions: Water/wastewater revenues reflect increases ranging from 4 to 14%. The water and wastewater rates charged to our customers are determined by rigorous rate modeling processes. The rate modeling process determines the revenue required to meet all debt service and operating and maintenance needs. Other revenues reflect historical growth trends.

Contacting the City's Financial Management

This report is designed to provide the City Council, citizens, customers, bond rating agencies, investors, and creditors with a general overview of the City's finances. If you have questions about this report or need additional financial information, contact:

Finance Department
City of Pflugerville
100 East Main, Suite 100
Pflugerville, TX 78660

(512) 990 - 6100
www.pflugervilletx.gov
finance@pflugervilletx.gov

Basic Financial Statements

City of Pflugerville, Texas
Statement of Net Position
September 30, 2024

| | Primary Government | | | Component Units |
|--|--------------------------------|---------------------------------|-----------------------|------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| ASSETS | | | | |
| Cash and investments | \$ 522,525,985 | \$ 11,690,524 | \$ 534,216,509 | \$ 22,401,913 |
| Receivables (net of allowance): | | | | |
| Property taxes | 4,022,919 | - | 4,022,919 | 1,592,652 |
| Utility system | - | 9,702,527 | 9,702,527 | 12,941,279 |
| Interest | 1,155,622 | - | 1,155,622 | - |
| Other | 1,706,956 | - | 1,706,956 | - |
| Due from primary government | - | - | - | 13,752 |
| Internal balances | 78,805 | (78,805) | - | - |
| Prepaid items | 399,311 | - | 399,311 | 2,392 |
| Land held for sale | - | - | - | 5,846,436 |
| Restricted cash and cash equivalents | - | 175,309,514 | 175,309,514 | - |
| Notes receivable | 37,822,459 | - | 37,822,459 | - |
| Capital assets not being depreciated: | | | | |
| Land and improvements | 23,348,180 | 10,753,211 | 34,101,391 | 8,481,672 |
| Water rights | - | 9,843,758 | 9,843,758 | - |
| Construction in progress | 72,323,863 | 208,864,488 | 281,188,351 | 486,099 |
| Capital assets being depreciated: | | | | |
| Buildings and improvements | 117,799,983 | 3,476,274 | 121,276,257 | 6,462,715 |
| Machinery and equipment | 19,098,453 | 25,030,486 | 44,128,939 | 11,361,909 |
| Software | 1,110,978 | - | 1,110,978 | - |
| Infrastructure | 454,266,893 | 328,031,429 | 782,298,322 | - |
| Right-to-use asset - leases | 4,536,084 | 846,926 | 5,383,010 | 431,209 |
| Right-to-use asset - subscriptions | 2,471,199 | 489,007 | 2,960,206 | - |
| Accumulated depreciation and amortization | (355,294,609) | (92,420,150) | (447,714,759) | (10,555,908) |
| Total assets | 907,373,081 | 691,539,189 | 1,598,912,270 | 59,466,120 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | 4,172,652 | 1,681,331 | 5,853,983 | - |
| Deferred outflows from notes payable | - | - | - | 37,822,459 |
| Deferred outflows from pension activities | 7,419,808 | 1,413,297 | 8,833,105 | - |
| Deferred outflows from OPEB activities - retiree health plan | 138,999 | 26,476 | 165,475 | - |
| Deferred outflows from OPEB activities - TMRS supplemental death benefit | 187,797 | 35,770 | 223,567 | - |
| Total deferred outflows of resources | 11,919,256 | 3,156,874 | 15,076,130 | 37,822,459 |
| LIABILITIES | | | | |
| Current liabilities: | | | | |
| Accounts payable | 9,589,999 | 40,883,805 | 50,473,804 | 87,742 |
| Wages payable | 3,069,234 | 9,490,159 | 12,559,393 | 75,000 |
| Accrued interest payable | 4,055,542 | 1,575,533 | 5,631,075 | 374,827 |
| Escrow payable | 17,711,316 | - | 17,711,316 | - |
| Customer deposits | - | 691,159 | 691,159 | - |
| Due to component unit | 13,752 | - | 13,752 | - |
| Unearned revenue | 2,722,410 | 28,597 | 2,751,007 | - |
| Long-term liabilities, current portion | | | | |
| Long-term debt | 14,165,708 | 9,599,796 | 23,765,504 | 3,360,920 |
| Lease liability | 860,260 | 147,266 | 1,007,526 | 71,657 |
| Subscription liability | 425,304 | 113,778 | 539,082 | - |
| Compensated absences | 300,319 | 44,030 | 344,349 | - |
| OPEB liability - retiree health plan | 6,453 | 1,229 | 7,682 | - |
| OPEB liability - TMRS supplemental death benefit | 13,873 | 5,284 | 19,157 | - |
| Total current liabilities | \$ 52,934,170 | \$ 62,580,636 | \$ 115,514,806 | \$ 3,970,146 |

The Notes to Financial Statements are an integral part of this statement.

City of Pflugerville, Texas
Statement of Net Position - Continued
September 30, 2024

| | Primary Government | | | Component Units |
|--|------------------------------------|-------------------------------------|-----------------------|----------------------------|
| | Governmental Activities | Business-type Activities | Total | |
| Noncurrent liabilities: | | | | |
| Long-term liabilities, noncurrent portion | | | | |
| Long-term debt | \$ 585,067,926 | \$ 393,301,156 | \$ 978,369,082 | \$ 53,361,539 |
| Arbitrage rebate liability | 7,099,369 | - | 7,099,369 | - |
| Lease liability | 2,473,156 | 520,935 | 2,994,091 | 157,437 |
| Subscription liability | 1,018,210 | 118,283 | 1,136,493 | - |
| Compensated absences | 1,201,277 | 176,120 | 1,377,397 | - |
| Net pension liability | 14,194,527 | 2,703,719 | 16,898,246 | - |
| OPEB liability - retiree health plan | 329,476 | 62,757 | 392,233 | - |
| OPEB liability - TMRS supplemental death benefit | 752,613 | 140,713 | 893,326 | - |
| | | | | |
| Total noncurrent liabilities | 612,136,554 | 397,023,683 | 1,009,160,237 | 53,518,976 |
| | | | | |
| Total liabilities | 665,070,724 | 459,604,319 | 1,124,675,043 | 57,489,122 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows from pension activities | 351,233 | 66,902 | 418,135 | - |
| Deferred inflows from OPEB activities - retiree health plan | 535,938 | 102,084 | 638,022 | - |
| Deferred inflows from OPEB activities - TMRS supplemental death benefit | 294,718 | 56,137 | 350,855 | - |
| Deferred inflows from lease activities | 37,822,459 | - | 37,822,459 | - |
| Deferred inflows from notes receivable | 355,535 | - | 355,535 | 13,004,452 |
| | | | | |
| Total deferred inflows of resources | 39,359,883 | 225,123 | 39,585,006 | 13,004,452 |
| NET POSITION | | | | |
| Net investment in capital assets | 158,949,554 | 217,708,012 | 376,657,566 | - |
| Restricted for: | | | | |
| Debt service | 6,829,620 | - | 6,829,620 | - |
| Capital projects | | 4,705,656 | 4,705,656 | - |
| Municipal court | 207,823 | - | 207,823 | - |
| Police | 249,914 | - | 249,914 | - |
| Public Education & Government fees | 133,101 | - | 133,101 | - |
| Tourism (HOT) | 1,326,809 | - | 1,326,809 | - |
| Public improvement districts | 47,734 | - | 47,734 | - |
| Tax increment zone improvements | 5,331,559 | - | 5,331,559 | - |
| Parks | 9 | - | 9 | - |
| Federal and state grant programs | 136,633 | - | 136,633 | - |
| Economic development | - | - | - | 26,795,005 |
| Unrestricted | 41,648,974 | 12,452,953 | 54,101,927 | - |
| TOTAL NET POSITION | \$ 214,861,730 | \$ 234,866,621 | \$ 449,728,351 | \$ 26,795,005 |

City of Pflugerville, Texas
Statement of Activities
For the Fiscal Year Ended September 30, 2024

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | | | Component Units |
|---|-----------------------|-------------------------|--|--|--|-----------------------------|-----------------------|----------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Business-type Activities | Total | |
| PRIMARY GOVERNMENT | | | | | | | | |
| Governmental activities: | | | | | | | | |
| General government | \$ 25,692,421 | \$ 2,388,513 | \$ 7,685,072 | \$ - | \$ (15,618,836) | \$ - | \$ (15,618,836) | \$ - |
| Public safety | 22,095,470 | 337,027 | 196,195 | - | (21,562,248) | - | (21,562,248) | - |
| Public works and streets | 23,239,204 | 2,158,898 | - | 14,171,097 | (6,909,209) | - | (6,909,209) | - |
| Culture and recreation | 11,810,634 | 790,300 | 936,802 | - | (10,083,532) | - | (10,083,532) | - |
| Interest on long-term debt | 30,853,686 | - | - | - | (30,853,686) | - | (30,853,686) | - |
| Total governmental activities | 113,691,415 | 5,674,738 | 8,818,069 | 14,171,097 | (85,027,511) | - | (85,027,511) | - |
| Business-type activities: | | | | | | | | |
| Water/Wastewater | 42,545,706 | 52,049,043 | - | 10,293,644 | - | 19,796,981 | 19,796,981 | - |
| Solid Waste | 5,541,764 | 5,849,461 | - | - | - | 307,697 | 307,697 | - |
| Total business-type activities | 48,087,470 | 57,898,504 | - | 10,293,644 | - | 20,104,678 | 20,104,678 | - |
| TOTAL PRIMARY GOVERNMENT | \$ 161,778,885 | \$ 63,573,242 | \$ 8,818,069 | \$ 24,464,741 | (85,027,511) | 20,104,678 | (64,922,833) | - |
| COMPONENT UNITS | | | | | | | | |
| Pflugerville Economic Development Corporation | \$ 8,677,394 | \$ 912,594 | \$ 25,000 | \$ - | | | | (7,739,800) |
| TOTAL COMPONENT UNITS | \$ 8,677,394 | \$ 912,594 | \$ 25,000 | \$ - | | | | |
| General revenues: | | | | | | | | |
| Property taxes | | | | | 60,414,009 | - | 60,414,009 | - |
| Sales and use taxes | | | | | 18,924,414 | - | 18,924,414 | 9,446,042 |
| Mixed beverage taxes | | | | | 187,107 | - | 187,107 | - |
| Hotel occupancy taxes | | | | | 1,220,011 | - | 1,220,011 | - |
| Franchise taxes | | | | | 6,168,831 | - | 6,168,831 | - |
| Unrestricted investment earnings | | | | | 28,802,963 | 8,160,523 | 36,963,486 | 1,633,718 |
| Miscellaneous revenue | | | | | 1,676,180 | 576,110 | 2,252,290 | - |
| Gain on disposal of assets | | | | | 58,938 | 31,705 | 90,643 | 2,842,290 |
| Transfers | | | | | 3,798,800 | (3,798,800) | - | - |
| Total general revenues and transfers | | | | | 121,251,253 | 4,969,538 | 126,220,791 | 13,922,050 |
| Change in net position | | | | | 36,223,742 | 25,074,216 | 61,297,958 | 6,182,250 |
| Net position - beginning | | | | | 178,637,988 | 209,792,405 | 388,430,393 | 20,612,755 |
| NET POSITION - ENDING | | | | | \$ 214,861,730 | \$ 234,866,621 | \$ 449,728,351 | \$ 26,795,005 |

The Notes to Financial Statements are an integral part of this statement.

City of Pflugerville, Texas
 Balance Sheet - Governmental Funds
 September 30, 2024

| | General Fund | Debt Service Fund | Capital Projects Fund | Nonmajor Governmental Funds | Total Governmental Funds |
|--|-----------------------------|------------------------------|----------------------------------|--|---|
| ASSETS | | | | | |
| Cash and investments | \$ 27,467,010 | \$ 10,509,272 | \$ 473,688,053 | \$ 10,861,650 | \$ 522,525,985 |
| Receivables (net): | | | | | |
| Property taxes | 3,647,029 | 375,890 | - | - | 4,022,919 |
| Interest | - | - | 1,155,622 | - | 1,155,622 |
| Other | 1,219,417 | - | 100,155 | 387,384 | 1,706,956 |
| Due from other funds | 138,894 | - | 701,732 | - | 840,626 |
| Notes receivable | - | 37,822,459 | - | - | 37,822,459 |
| Prepaid assets | 399,311 | - | - | - | 399,311 |
| TOTAL ASSETS | <u>\$ 32,871,661</u> | <u>\$ 48,707,621</u> | <u>\$ 475,645,562</u> | <u>\$ 11,249,034</u> | <u>\$ 568,473,878</u> |
| LIABILITIES | | | | | |
| Accounts payable | \$ 4,250,710 | \$ - | \$ 4,904,713 | \$ 434,576 | \$ 9,589,999 |
| Wages payables and accrued liabilities | 1,954,733 | - | 1,114,501 | - | 3,069,234 |
| Due to other funds | 24,211 | - | - | 737,610 | 761,821 |
| Due to component unit | 13,752 | - | - | - | 13,752 |
| Unearned revenue | 23,871 | - | - | 2,698,539 | 2,722,410 |
| Escrow payable | - | - | 17,711,316 | - | 17,711,316 |
| Total liabilities | 6,267,277 | - | 23,730,530 | 3,870,725 | 33,868,532 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 463,998 | 375,890 | - | - | 839,888 |
| Unavailable revenue - court fines | 276,878 | - | - | - | 276,878 |
| Unavailable revenue - notes | - | 37,822,459 | - | - | 37,822,459 |
| Unavailable revenue - leases | 355,535 | - | - | - | 355,535 |
| Total deferred inflows of resources | 1,096,411 | 38,198,349 | - | - | 39,294,760 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Prepaid items | 399,311 | - | - | - | 399,311 |
| Restricted: | | | | | |
| Debt service | - | 10,509,272 | - | - | 10,509,272 |
| Capital projects | - | - | 451,915,032 | - | 451,915,032 |
| Specific programs | - | - | - | 7,433,582 | 7,433,582 |
| Assigned | 4,081,621 | - | - | - | 4,081,621 |
| Unassigned | 21,027,041 | - | - | (55,273) | 20,971,768 |
| Total fund balances | <u>25,507,973</u> | <u>10,509,272</u> | <u>451,915,032</u> | <u>7,378,309</u> | <u>495,310,586</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 32,871,661</u> | <u>\$ 48,707,621</u> | <u>\$ 475,645,562</u> | <u>\$ 11,249,034</u> | <u>\$ 568,473,878</u> |

City of Pflugerville, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2024

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 495,310,586

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. The governmental capital assets at year-end consist of:

| | | |
|---|----------------|-------------|
| Governmental capital assets costs | \$ 694,955,633 | |
| Accumulated depreciation of governmental capital assets | (355,294,609) | 339,661,024 |
| | | |

Some receiv ables w hich will be collected subsequent to year-end, are not available soon enough to pay expenditures of the current period and, therefore, are deferred in the funds.

| | | |
|--------------------------------------|---------|-----------|
| Unavailable revenue - property taxes | 839,888 | |
| Unavailable revenue - court fines | 276,878 | 1,116,766 |
| | | |

Long-term liabilities, including certificates of obligation, general obligation bonds, compensated absences, OPEB, and net pension liability are not due and payable in the current period and, therefore, are not reported as liabilities in the governmental funds. Liabilities at year end related to such items consist of:

| | | |
|--|---------------|---------------|
| Bonds payable | (561,488,773) | |
| Notes payable | (436,406) | |
| Premiums on bond issuances | (37,308,455) | |
| Accrued interest | (4,055,542) | |
| Arbitrage rebate liability | (7,099,369) | |
| Leases | (3,333,416) | |
| Subscription liability | (1,443,514) | |
| Compensated absences | (1,501,596) | |
| Net pension liability | (14,194,527) | |
| OPEB liability - retiree health plan | (335,929) | |
| OPEB liability - TMRS supplemental death benefit | (766,486) | (631,964,013) |
| | | |

Deferred gains and losses on issuance of refunding bonds and the deferred outflows and inflows of resources related to the net pension liability and the total OPEB liability are recognized on the statement of net position:

| | | |
|--|-----------|------------|
| Deferred charge on refunding | 4,172,652 | |
| Deferred outflows from pension activities | 7,419,808 | |
| Deferred outflows from OPEB activities - retiree health plan | 138,999 | |
| Deferred outflows from OPEB activities - TMRS supplemental death benefit | 187,797 | |
| Deferred inflows from pension activities | (351,233) | |
| Deferred inflows from OPEB activities - retiree health plan | (535,938) | |
| Deferred inflows from OPEB activities - TMRS supplemental death benefit | (294,718) | 10,737,367 |
| | | |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 214,861,730

City of Pflugerville, Texas

Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds For the Fiscal Year Ended September 30, 2024

| | General | Debt Service | Capital Projects | Nonmajor Governmental Funds | Total Governmental Funds |
|--|----------------------|----------------------|-----------------------|-----------------------------------|--------------------------------|
| REVENUES | | | | | |
| Taxes: | | | | | |
| Property taxes | \$ 26,139,248 | \$ 30,550,878 | \$ - | \$ 3,552,018 | \$ 60,242,144 |
| Sales and use taxes | 18,924,414 | - | - | - | 18,924,414 |
| Hotel occupancy taxes | - | - | - | 1,220,011 | 1,220,011 |
| Franchise taxes | 6,168,831 | - | - | - | 6,168,831 |
| Mixed beverage tax | 187,107 | - | - | - | 187,107 |
| Fines and forfeitures | 581,905 | - | - | 189,429 | 771,334 |
| Licenses and permits | 4,321,158 | - | - | - | 4,321,158 |
| Charges for services | 1,869,979 | - | - | - | 1,869,979 |
| Intergovernmental | 1,949,451 | 4,617,773 | 5,572,483 | 2,407,133 | 14,546,840 |
| Deutschen Pfest income | 76,079 | - | - | - | 76,079 |
| Investment earnings | 2,251,047 | 1,030,390 | 24,898,383 | 623,143 | 28,802,963 |
| Miscellaneous | 372,599 | - | 100,155 | 69,210 | 541,964 |
| | <u>62,841,818</u> | <u>36,199,041</u> | <u>30,571,021</u> | <u>8,060,944</u> | <u>137,672,824</u> |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 21,550,510 | - | - | 2,951,228 | 24,501,738 |
| Public safety | 20,411,385 | - | - | 87,402 | 20,498,787 |
| Public works and streets | 8,834,274 | - | - | - | 8,834,274 |
| Culture and recreation | 9,963,246 | - | - | 6,733 | 9,969,979 |
| Debt service: | | | | | |
| Principal | 1,175,309 | 10,087,292 | - | - | 11,262,601 |
| Interest and other charges | 49,174 | 25,196,528 | - | - | 25,245,702 |
| Capital outlay | 6,580,838 | - | 47,501,285 | 1,328,914 | 55,411,037 |
| | <u>68,564,736</u> | <u>35,283,820</u> | <u>47,501,285</u> | <u>4,374,277</u> | <u>155,724,118</u> |
| Excess (deficiency) of revenues over (under) expenditures | (5,722,918) | 915,221 | (16,930,264) | 3,686,667 | (18,051,294) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Leases | 1,623,693 | - | - | - | 1,623,693 |
| Subscriptions | 1,127,626 | - | - | - | 1,127,626 |
| Proceeds from sale of assets | 58,938 | - | - | - | 58,938 |
| Insurance recoveries | 135,263 | - | - | - | 135,263 |
| Transfers in | 3,804,103 | 1,795,029 | - | - | 5,599,132 |
| Transfers out | - | - | - | (1,800,332) | (1,800,332) |
| | <u>6,749,623</u> | <u>1,795,029</u> | <u>-</u> | <u>(1,800,332)</u> | <u>6,744,320</u> |
| Net change in fund balances | 1,026,705 | 2,710,250 | (16,930,264) | 1,886,335 | (11,306,974) |
| Fund balances, beginning | 24,481,268 | 7,799,022 | 468,845,296 | 5,491,974 | 506,617,560 |
| FUND BALANCES, ENDING | <u>\$ 25,507,973</u> | <u>\$ 10,509,272</u> | <u>\$ 451,915,032</u> | <u>\$ 7,378,309</u> | <u>\$ 495,310,586</u> |

City of Pflugerville, Texas

Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities For the Fiscal Year Ended September 30, 2024

| | | |
|--|----------------|----------------------|
| NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS | | \$ (11,306,974) |
| <p>Some revenues will not be collected for several months after the City's fiscal year end and are not considered "available" revenues and, therefore, are deferred in the governmental funds. Deferred tax, grant, and court revenues increased (decreased) by this amount this year.</p> | | |
| Unavailable revenue - property taxes | \$ 171,865 | |
| Unavailable revenue - court fines | (364,859) | |
| Unavailable revenue - grants and other | (156,288) | (349,282) |
| <hr style="width: 100%;"/> | | |
| <p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p> | | |
| Capital outlay | \$ 54,602,621 | |
| Depreciation expense | (17,591,606) | 37,011,015 |
| <hr style="width: 100%;"/> | | |
| <p>The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position.</p> | | |
| | | (260,228) |
| <p>Capital assets contributed or donated to the City are not recognized in governmental funds since they do not provide current financial resources, but are recognized in the statement of activities as program revenues.</p> | | |
| | | 8,598,613 |
| <p>The issuance of long term debt provides current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. Repayment of bond and other debt principal is an expenditure in the governmental funds, but repayment reduces long-term liabilities in the statement of net position. Also, governmental funds report the effect of bond premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The effect of these differences in the treatment of long-term debt and related items was:</p> | | |
| Issuance of leases | \$ (1,623,693) | |
| Issuance of subscriptions | (1,127,626) | |
| Principal paid on bonds and other debt | 11,383,256 | 8,631,937 |
| <hr style="width: 100%;"/> | | |
| <p>Interest on long-term debt in the statement of activities differs from the amount reported in the governmental funds because interest is recognized as an expenditure in the funds when it is due, and thus requires the use of current financial resources. In the statement of activities, however, interest expense is recognized as the interest accrues, regardless of when it is due, and includes amortization of related long-term debt accounts. The (increase) decrease in interest expense reported in the statement of activities consist of the following:</p> | | |
| Accrued interest on bonds payable decreased (increased) | \$ (285,553) | |
| Arbitrage rebate liability decreased (increased) | (7,099,369) | |
| Amortization of deferred charge on refunding | (318,150) | |
| Amortization of bond premium | 1,974,432 | (5,728,640) |
| <hr style="width: 100%;"/> | | |
| <p>Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds, as follows:</p> | | |
| Compensated absences liability decreased (increased) | | (536,327) |
| <p>The net change in net pension liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:</p> | | |
| Deferred outflows increased (decreased) | \$ (1,607,802) | |
| Deferred inflows (increased) decreased | (193,810) | |
| Net pension liability (increased) decreased | 1,934,722 | 133,110 |
| <hr style="width: 100%;"/> | | |
| <p>The net change in OPEB liability, deferred outflows, and deferred inflows is reported in the statement of activities but does not require the use of current financial resources and, therefore, is not reported as expenditures in the governmental funds. The net change consists of the following:</p> | | |
| Deferred outflows increased (decreased) | \$ (29,950) | |
| Deferred inflows (increased) decreased | 192,853 | |
| OPEB liability (increased) decreased | (132,385) | 30,518 |
| <hr style="width: 100%;"/> | | |
| CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES | | \$ 36,223,742 |

The Notes to Financial Statements are an integral part of this statement.

City of Pflugerville, Texas

Statement of Revenues, Expenditures,
and Changes in Fund Balance – Budget and Actual
General Fund
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|--|---------------|---------------|---------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 27,769,544 | \$ 27,769,544 | \$ 26,139,248 | \$ (1,630,296) |
| Sales and use taxes | 19,055,370 | 19,055,370 | 18,924,414 | (130,956) |
| Franchise taxes | 5,998,059 | 5,998,059 | 6,168,831 | 170,772 |
| Mixed beverage tax | 160,000 | 160,000 | 187,107 | 27,107 |
| Fines and forfeitures | 376,900 | 376,900 | 581,905 | 205,005 |
| Licenses and permits | 2,909,169 | 3,009,169 | 4,321,158 | 1,311,989 |
| Charges for services | 1,130,000 | 1,390,000 | 1,869,979 | 479,979 |
| Intergovernmental | 937,217 | 2,571,420 | 1,949,451 | (621,969) |
| Deutschen Pfest income | 65,000 | 65,000 | 76,079 | 11,079 |
| Investment earnings | 1,200,000 | 1,200,000 | 2,251,047 | 1,051,047 |
| Miscellaneous | 268,000 | 268,000 | 372,599 | 104,599 |
| Total revenues | 59,869,259 | 61,863,462 | 62,841,818 | 978,356 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | | | | |
| Administration | 3,679,072 | 3,679,072 | 4,405,943 | (726,871) |
| Legal | 504,536 | 864,536 | 782,399 | 82,137 |
| Information technology | 4,558,217 | 4,837,734 | 4,168,938 | 668,796 |
| Development services administration | 1,723,613 | 1,486,199 | 1,347,917 | 138,282 |
| Planning | 2,631,031 | 2,740,450 | 2,216,058 | 524,392 |
| Court | 547,253 | 517,253 | 379,869 | 137,384 |
| Fleet maintenance | 1,379,761 | 1,204,761 | 1,299,371 | (94,610) |
| City Manager's office | 2,261,945 | 2,334,829 | 2,260,759 | 74,070 |
| People & culture | 1,455,476 | 1,530,476 | 1,484,513 | 45,963 |
| Finance | 2,347,391 | 2,437,636 | 2,223,207 | 214,429 |
| Communications | 1,014,559 | 984,559 | 981,536 | 3,023 |
| Public safety | | | | |
| Building | 1,082,527 | 1,147,527 | 1,144,236 | 3,291 |
| Animal welfare services | 1,144,379 | 1,221,879 | 1,225,643 | (3,764) |
| Police | 16,926,269 | 18,160,784 | 18,041,506 | 119,278 |
| Public works and streets | | | | |
| CIP engineering | 3,097,842 | 2,243,885 | 1,994,978 | 248,907 |
| Streets and drainage | 5,698,460 | 5,628,579 | 5,713,780 | (85,201) |
| Facilities and maintenance | 1,290,749 | 1,352,784 | 1,125,516 | 227,268 |
| Culture and recreation | | | | |
| Library | 2,056,571 | 2,047,741 | 2,165,839 | (118,098) |
| Parks and recreation | 8,029,090 | 7,935,430 | 7,797,407 | 138,023 |
| Debt service: | | | | |
| Principal | - | 500,000 | 1,175,309 | (675,309) |
| Interest and other charges | - | - | 49,174 | (49,174) |
| Capital outlay: | 3,579,705 | 6,070,909 | 6,580,838 | (509,929) |
| Total expenditures | 65,008,446 | 68,927,023 | 68,564,736 | 362,287 |
| Excess (deficiency) of revenues over expenditures | (5,139,187) | (7,063,561) | (5,722,918) | 1,340,643 |

The Notes to Financial Statements are an integral part of this statement.

City of Pflugerville, Texas

Statement of Revenues, Expenditures,
 and Changes in Fund Balance – Budget and Actual (Continued)
 General Fund
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance |
|---------------------------------------|-----------------------------|-----------------------------|-----------------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Leases | \$ - | \$ - | \$ 1,623,693 | \$ 1,623,693 |
| Subscriptions | - | - | 1,127,626 | 1,127,626 |
| Proceeds from sale of assets | 50,000 | 50,000 | 58,938 | 8,938 |
| Insurance recoveries | 125,000 | 125,000 | 135,263 | 10,263 |
| Transfers in | 3,907,023 | 3,907,023 | 3,804,103 | (102,920) |
| Transfers out | (3,000,000) | (3,000,000) | - | 3,000,000 |
| Total other financing sources (uses) | <u>1,082,023</u> | <u>1,082,023</u> | <u>6,749,623</u> | <u>5,667,600</u> |
| Net change in fund balance | (4,057,164) | (5,981,538) | 1,026,705 | 7,008,243 |
| Fund balance, beginning of year | <u>24,481,268</u> | <u>24,481,268</u> | <u>24,481,268</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ 20,424,104</u></u> | <u><u>\$ 18,499,730</u></u> | <u><u>\$ 25,507,973</u></u> | <u><u>\$ 7,008,243</u></u> |

City of Pflugerville, Texas
Statement of Net Position
Proprietary Funds
September 30, 2024

| | Business-type Activities - Enterprise Funds | | |
|--|--|--------------------|--------------------|
| | Water/ Wastewater | Solid Waste | Totals |
| ASSETS | | | |
| Current assets: | | | |
| Cash and investments | \$ 10,912,080 | \$ 778,444 | \$ 11,690,524 |
| Receivables, net of allowance for uncollectibles | 8,590,417 | 1,112,110 | 9,702,527 |
| Due from other funds | 11,819 | - | 11,819 |
| Total current assets | <u>19,514,316</u> | <u>1,890,554</u> | <u>21,404,870</u> |
| Noncurrent assets: | | | |
| Restricted cash and investments | | | |
| Bond accounts | 170,603,858 | - | 170,603,858 |
| Impact fees | 4,705,656 | - | 4,705,656 |
| Capital assets: | | | |
| Land | 10,753,211 | - | 10,753,211 |
| Water rights | 9,843,758 | - | 9,843,758 |
| Buildings and improvements | 3,476,274 | - | 3,476,274 |
| Equipment | 24,832,339 | 198,147 | 25,030,486 |
| Infrastructure and system | 328,031,429 | - | 328,031,429 |
| Right-to-use asset - leases | 846,926 | - | 846,926 |
| Right-to-use asset - subscriptions | 489,007 | - | 489,007 |
| Construction in progress | 208,864,488 | - | 208,864,488 |
| Accumulated depreciation and amortization | (92,406,940) | (13,210) | (92,420,150) |
| Total capital assets (net of accumulated depreciation and amortization) | <u>494,730,492</u> | <u>184,937</u> | <u>494,915,429</u> |
| Total noncurrent assets | <u>670,040,006</u> | <u>184,937</u> | <u>670,224,943</u> |
| TOTAL ASSETS | <u>689,554,322</u> | <u>2,075,491</u> | <u>691,629,813</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 1,681,331 | - | 1,681,331 |
| Deferred outflows from pension activities | 1,413,297 | - | 1,413,297 |
| Deferred outflows from OPEB activities - retiree health plan | 26,476 | - | 26,476 |
| Deferred outflows from OPEB activities - TMRS supplemental death benefit | 35,770 | - | 35,770 |
| Total deferred outflows of resources | <u>3,156,874</u> | <u>-</u> | <u>3,156,874</u> |
| LIABILITIES | | | |
| Current liabilities: | 40,883,805 | | |
| Accounts payable | | - | 40,883,805 |
| Wages payable and accrued liabilities | 9,488,821 | 1,338 | 9,490,159 |
| Due to other funds | 90,624 | - | 90,624 |
| Accrued interest payable | 1,575,533 | - | 1,575,533 |
| Unearned revenue | 28,597 | - | 28,597 |
| Customer deposits | 662,784 | 28,375 | 691,159 |
| Long-term liabilities, current portion | | | |
| Bonds payable | 9,599,796 | - | 9,599,796 |
| Lease liability | 147,266 | - | 147,266 |
| Subscription liability | 113,778 | - | 113,778 |
| Compensated absences | 44,030 | - | 44,030 |
| OPEB liability - retiree health plan | 1,229 | - | 1,229 |
| OPEB liability - TMRS supplemental death benefit | 5,284 | - | 5,284 |
| Total current liabilities | <u>62,641,547</u> | <u>29,713</u> | <u>62,671,260</u> |

City of Pflugerville, Texas
Statement of Net Position - Continued
Proprietary Funds
September 30, 2024

| | Business-type Activities - Enterprise Funds | | |
|---|--|---------------------|-----------------------|
| | Water/ Wastewater | Solid Waste | Totals |
| Noncurrent liabilities: | | | |
| Long-term liabilities, noncurrent portion | | | |
| Bonds payable | \$ 393,301,156 | \$ - | \$ 393,301,156 |
| Lease liability | 520,935 | - | 520,935 |
| Subscription liability | 118,283 | - | 118,283 |
| Compensated absences | 176,120 | - | 176,120 |
| Net pension liability | 2,703,719 | - | 2,703,719 |
| OPEB liability - retiree health plan | 62,757 | - | 62,757 |
| OPEB liability - TMRS supplemental death benefit | 140,713 | - | 140,713 |
| Total noncurrent liabilities | <u>397,023,683</u> | <u>-</u> | <u>397,023,683</u> |
| Total liabilities | 459,665,230 | 29,713 | 459,694,943 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows from pension activities | 66,902 | - | 66,902 |
| Deferred inflows from OPEB activities - retiree health plan | 102,084 | - | 102,084 |
| Deferred inflows from OPEB activities - TMRS supplemental death benefit | 56,137 | - | 56,137 |
| Total deferred inflows of resources | <u>225,123</u> | <u>-</u> | <u>225,123</u> |
| NET POSITION | | | |
| Net investment in capital assets | 217,523,075 | 184,937 | 217,708,012 |
| Restricted | 4,705,656 | - | 4,705,656 |
| Unrestricted | 10,592,112 | 1,860,841 | 12,452,953 |
| TOTAL NET POSITION | <u>\$ 232,820,843</u> | <u>\$ 2,045,778</u> | <u>\$ 234,866,621</u> |

City of Pflugerville, Texas
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended September 30, 2024

| | Business-type Activities - Enterprise Funds | | |
|--|--|---------------------|-----------------------|
| | Water/ Wastewater | Solid Waste | Totals |
| OPERATING REVENUES | | | |
| Charges for services | | | |
| Water sales | \$ 29,664,853 | \$ - | \$ 29,664,853 |
| Wastewater sales | 22,384,190 | - | 22,384,190 |
| Solid waste sales | - | 5,849,461 | 5,849,461 |
| Intergovernmental | - | - | - |
| Other income | 573,953 | 2,157 | 576,110 |
| | <hr/> | <hr/> | <hr/> |
| Total operating revenues | 52,622,996 | 5,851,618 | 58,474,614 |
| OPERATING EXPENSES | | | |
| Utility administration | 9,478,178 | - | 9,478,178 |
| Water operations | 10,243,767 | - | 10,243,767 |
| Wastewater operations | 6,505,731 | - | 6,505,731 |
| Solid waste operations | - | 5,528,554 | 5,528,554 |
| Depreciation and amortization | 5,929,159 | 13,210 | 5,942,369 |
| | <hr/> | <hr/> | <hr/> |
| Total operating expenses | 32,156,835 | 5,541,764 | 37,698,599 |
| Operating income | 20,466,161 | 309,854 | 20,776,015 |
| NONOPERATING REVENUES (EXPENSES) | | | |
| Investment income | 8,114,558 | 45,965 | 8,160,523 |
| Interest expense and fees | (10,388,871) | - | (10,388,871) |
| Gain(Loss) on sale of assets | 31,705 | - | 31,705 |
| | <hr/> | <hr/> | <hr/> |
| Total nonoperating revenues (expenses) | (2,242,608) | 45,965 | (2,196,643) |
| Income before contributions and transfers | 18,223,553 | 355,819 | 18,579,372 |
| CONTRIBUTIONS AND TRANSFERS | | | |
| Capital contributions | 10,293,644 | - | 10,293,644 |
| Transfers in | 251,223 | - | 251,223 |
| Transfers out | (3,634,912) | (415,111) | (4,050,023) |
| | <hr/> | <hr/> | <hr/> |
| Total contributions and transfers | 6,909,955 | (415,111) | 6,494,844 |
| Change in net position | 25,133,508 | (59,292) | 25,074,216 |
| Net position - beginning, as previously stated | 208,687,309 | 1,105,096 | 209,792,405 |
| Adjustment - Error Correction | (999,974) | 999,974 | - |
| | <hr/> | <hr/> | <hr/> |
| Net position - Beginning, restated | 207,687,335 | 2,105,070 | 209,792,405 |
| | <hr/> | <hr/> | <hr/> |
| NET POSITION - ENDING | \$ 232,820,843 | \$ 2,045,778 | \$ 234,866,621 |

City of Pflugerville, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

| | Business-type Activities - Enterprise Funds | | |
|---|--|--------------------|-----------------------|
| | Water/ Wastewater | Solid Waste | Totals |
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Cash received for account services | \$ 50,064,686 | \$ 6,269,622 | \$ 56,334,308 |
| Cash payments for operating expenses | (14,494,430) | (5,546,259) | (20,040,689) |
| Cash payments to employees for services | (28,624) | (42,087) | (70,711) |
| Net cash provided by operating activities | 35,541,632 | 681,276 | 36,222,908 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | |
| Transfers, net | (3,383,689) | (415,111) | (3,798,800) |
| Net cash used in noncapital financing activities | (3,383,689) | (415,111) | (3,798,800) |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Purchase of capital assets | (98,146,441) | (198,147) | (98,344,588) |
| Proceeds from new debt | 157,642,041 | - | 157,642,041 |
| Principal paid on debt obligations | (7,075,521) | - | (7,075,521) |
| Interest and fees paid on capital debt | (15,851,656) | - | (15,851,656) |
| Net cash provided by (used in) capital and related financing activities | 36,568,423 | (198,147) | 36,370,276 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Earnings on investments | 8,114,558 | 45,965 | 8,160,523 |
| Net cash provided by investing activities | 8,114,558 | 45,965 | 8,160,523 |
| Net increase (decrease) in cash and cash equivalents | 76,840,924 | 113,983 | 76,954,907 |
| Cash and cash equivalents, beginning of year, including restricted cash | 109,380,670 | 664,461 | 110,045,131 |
| CASH AND CASH EQUIVALENTS, END OF YEAR | \$ 186,221,594 | \$ 778,444 | \$ 187,000,038 |
| UNRESTRICTED CASH AND CASH EQUIVALENTS | \$ 10,912,080 | \$ 778,444 | \$ 11,690,524 |
| RESTRICTED CASH AND CASH EQUIVALENTS | 175,309,514 | - | 175,309,514 |
| TOTAL | \$ 186,221,594 | \$ 778,444 | \$ 187,000,038 |

City of Pflugerville, Texas
Statement of Cash Flows - Continued
Proprietary Funds
For the Fiscal Year Ended September 30, 2024

| | Business-type Activities - Enterprise Funds | | |
|--|--|--------------------------|-----------------------------|
| | Water/ Wastewater | Solid Waste | Totals |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | |
| Operating income | \$ 20,466,161 | \$ 309,854 | \$ 20,776,015 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | |
| Depreciation and amortization | 5,929,159 | 13,210 | 5,942,369 |
| (Gain) Loss on sale of asset | 31,705 | - | 31,705 |
| (Increase) decrease in receivables | (2,619,990) | 418,279 | (2,201,711) |
| (Increase) decrease in interfund balances | 78,805 | - | 78,805 |
| (Increase) decrease in deferred charge on refunding | 424,854 | - | 424,854 |
| (Increase) decrease in deferred outflows for pension and OPEB | 344,473 | - | 344,473 |
| Increase (decrease) in accounts payable | 1,894,108 | (59,425) | 1,834,683 |
| Increase (decrease) in accrued liabilities | 9,166,403 | (367) | 9,166,036 |
| Increase (decrease) in customer meter deposits | 21,450 | (275) | 21,175 |
| Increase (decrease) in unearned revenue | 8,525 | - | 8,525 |
| Increase (decrease) in accrued interest | 163,308 | - | 163,308 |
| Increase (decrease) in accrued compensated absences | 40,991 | - | 40,991 |
| Increase (decrease) in net pension liability and OPEB | (403,015) | - | (403,015) |
| Increase (decrease) in deferred inflows for pension and OPEB | (5,305) | - | (5,305) |
| Total adjustments | <u>15,075,471</u> | <u>371,422</u> | <u>15,446,893</u> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 35,541,632</u> | <u>\$ 681,276</u> | <u>\$ 36,222,908</u> |
| SCHEDULE OF NON-CASH CAPITAL AND RELATED FINANCING ACTIVITIES | | | |
| Capital contributions | \$ 10,293,644 | \$ - | \$ 10,293,644 |
| Capital asset acquisitions under subscriptions (SBITAs) | 329,377 | - | 329,377 |
| Capital asset acquisitions under leases / financed purchases | 313,494 | - | 313,494 |
| Capital asset purchases on account (accrued but not paid) | 36,890,070 | - | 36,890,070 |

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City of Pflugerville, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

The City of Pflugerville, Texas (the City) was incorporated in 1965, under the provisions of the State of Texas. The City operates under a Council-Manager form of government and provides the following services: public safety (police and building inspection), streets, public improvements, general administrative services, culture and recreation, and water, wastewater, and solid waste services.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. Reporting Entity

In evaluating the City as a reporting entity, management has addressed all potential component units for which the City may be financially accountable, and as such, should be included within the City's financial statements. The City (the primary government) is financially accountable if it appoints a voting majority of the organization's governing board and (1) it is able to impose its will on the organization, or (2) there is a potential for the organization to provide specific financial benefits to or burdens on the City.

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements that are misleading or incomplete. Generally accepted accounting principles require inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units are entitled to, or have the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

Based on the criteria above, the City has the following discretely presented component unit:

The Pflugerville Community Development Corporation (PCDC)

The City adopted (through the election process) an optional ½ cent sales tax for economic development purposes. The PCDC is a nonprofit corporation specifically governed by Section 4B of the Development Corporation Act of 1979, as amended. The purpose of the PCDC is to promote economic development within the City. The seven-member Board of Directors is appointed by the City Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf and the City can impose its will on the Board. Accordingly, the City accounts for the PCDC as a discretely presented component unit on the government-wide financial statements. The PCDC is audited as part of the City of Pflugerville. Separately issued financial statements are not available.

B. Basis of Presentation – Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements, except for interfund services provided and used. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned. Governmental activities, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from the legally separate component unit for which the primary government is financially accountable.

City of Pflugerville, Texas

Notes to the Financial Statements

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

C. Measurement Focus and Basis of Accounting

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

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

Property taxes, franchise taxes, sales taxes, hotel taxes, fines, certain charges for services and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenue of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following governmental funds:

Major Governmental Funds

The **General Fund** is the general operating fund of the City. It is used to account for all financial resources of the general government except those accounted for in another fund.

The **Debt Service Fund** is used to account for the accumulation of resources for, and the payment of, general long-term debt principal, interest, and related costs.

The **Capital Projects Fund** is used to account for financial resources to be used for the acquisition or construction of major capital facilities other than those financed by the proprietary fund types. Such resources are derived from proceeds of general obligation bonds or other sources of revenue specifically set aside for capital projects.

City of Pflugerville, Texas

Notes to the Financial Statements

Nonmajor Governmental Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed or assigned to expenditures for specified purposes, such as the drug seizure funds, grant monies (including CDBG), TIRZ #1, PEG funds and hotel occupancy taxes.

The City reports the following major proprietary funds:

The **Water/Wastewater Fund** accounts for the City's water and wastewater, utilities, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

The **Solid Waste Fund** accounts for the City's solid waste utilities, including operations, maintenance of the infrastructure and expansion of the system within the City's service territory.

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

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

2. Investments

Investment pools are reported at the net asset value per share, which approximates fair value, even though it is calculated using the amortized cost method.

Fair value accounting requires characterization of the inputs used to measure fair value based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation of inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

3. Restricted Assets

Certain cash and investments are restricted by various legal and contractual obligations. Included in the restricted assets are capital recovery fees (impact fees) restricted by law for future capital improvements, customer deposits, and specific bond proceeds restricted for use.

City of Pflugerville, Texas

Notes to the Financial Statements

4. Receivables

All trade and property tax receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles is management's best estimate of the amount of credit losses based on account delinquencies and historical write-off expense.

Utility revenue is recorded when earned. Customers are billed monthly. The estimated value of services provided but unbilled has been included in the financial statements.

5. Interfund Activity

Interfund Activity results from loans, services provided, reimbursements, or transfers between funds. Loans are reported as interfund receivables and payables as appropriate and are subject to elimination upon consolidation. Services provided, deemed to be at market or near market rates, are treated as revenues and expenditures or expenses. Reimbursements occur when one fund incurs a cost, charges the appropriate benefiting fund, and reduces its related cost as a reimbursement. All other interfund transactions are treated as transfers. Transfers in and transfers out are netted and presented as single "transfers" line on the government-wide statement of activities. Similarly, if applicable, interfund receivables and payables between governmental activities and business-type activities are netted and presented as a single "internal balance" line on the government-wide statement of net position.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized.

Improvements which extend asset lives are capitalized and depreciated over the useful lives of the related assets, as applicable. Capital assets are capitalized if they have an expected useful life of over two years and an original cost of \$5,000 or more for equipment or \$25,000 for infrastructure, buildings, and improvements other than buildings. When property or equipment is retired from service or otherwise disposed of, the cost and related accumulated depreciation are removed, and any resulting gain or loss is reported in the statement of activities or in the proprietary fund financial statements.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest expense was capitalized in the enterprise fund during the 2024 fiscal year.

Infrastructure capital assets, such as streets, sidewalks, curbs and gutters, sewers, and drainage systems, built and/or acquired since fiscal year 1960 are included.

Depreciation is computed using the straight-line method over the estimated useful lives of the assets, which range as follows:

| <u>Capital Asset Classes</u> | <u>Lives in yrs</u> |
|------------------------------|---------------------|
| Building and improvements | 15-30 |
| Infrastructure | 15-50 |
| Equipment | 10 |
| Software | 5-15 |
| Utility distribution system | 20-50 |

City of Pflugerville, Texas

Notes to the Financial Statements

7. Subscription-Based Information Technology Arrangements (SBITAS)

The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-of-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities where the cash outlay over the term of the lease is \$5,000 or more.

At the commencement of a SBITA, the City initially measures the subscription liability at the present value of payments expected to be made during the subscription term. Subsequently, the subscription liability is reduced by the principal portion of SBITA payments made. The subscription asset is initially measured as the initial amount of the subscription liability, adjusted for SBITA payments made at or before the SBITA commencement date, plus certain initial implementation costs. Subsequently, the subscription asset is amortized on a straight-line basis over the shorter of the subscription term or the useful life of the underlying IT assets.

Key estimates and judgments related to SBITAs include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancellable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its SBITAs and will remeasure the subscription asset and liability if certain changes occur that are expected to significantly affect the amount of the subscription liability.

8. Leases

Lessee

The City is a lessee for noncancellable leases of property and equipment. The City recognizes a lease liability, reported with long-term debt, and a right-to-use lease asset (lease asset), reported with other capital assets, in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities where the cash outlay over the term of the lease is \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over the shorter of the lease term or its useful life.

City of Pflugerville, Texas

Notes to the Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses the current interest rate on its Master Lease Agreement used for financed purchases as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, purchase option price that the City is reasonably certain to exercise, lease incentives receivable from the lessor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

The City is a lessor for noncancellable leases of property and equipment. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide, governmental fund and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease receivable are composed of fixed payments from the lessee, variable payments from the lessee that are fixed in substance or that depend on an index or a rate, residual value guarantee payments from the lessee that are fixed in substance, and any lease incentives that are payable to the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases and will remeasure the lease receivable and deferred inflow of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. Long-term Obligations

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

The fund financial statements report bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financing sources at par. Premiums (discounts) associated with the debt are reported as other financing uses.

City of Pflugerville, Texas

Notes to the Financial Statements

10. Compensated Absences

Accumulated earned but unused vacation is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, because of employee resignations and retirements.

11. Pensions

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

Information regarding the City's net pension liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

12. Other Postemployment Benefits

TMRS Supplemental Death Benefits Fund

The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other post-employment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The total OPEB liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements.

Information regarding the City's total OPEB liability is obtained from TMRS through reports prepared for the City by the TMRS consulting actuary, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

13. Deferred Outflows/Inflows of Resources

Deferred outflows of resources represents a consumption of net assets that applies to a future period(s) and will not be recognized as an outflow of resources (expense/expenditures) until then. Deferred inflows of resources represents an acquisition of net assets that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension and OPEB activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan and OPEB plans, except for projected and actual earnings differences on investments which are amortized on a closed basis over a 5-year period.
- City contributions to the pension and OPEB plans after the measurement date are recognized in the subsequent year.
- Deferred charge/gain on refunding is amortized over the shorter of the life of the refunded or refunding debt.
- Unavailable revenue – The governmental funds report unavailable revenues from property taxes, court fines and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

City of Pflugerville, Texas
Notes to the Financial Statements

- Deferred outflows/inflows from notes receivable are recognized as inflows and outflows of resources become available.

14. Net Position Flow Assumption

The City classifies governmental fund balance in accordance with Government Accounting Standards Board (GASB) Statement No. 54, Fund Balance Reporting and Governmental Fund Type Definitions:

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints.

Restricted fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation.

Committed fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution.

Assigned fund balance is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has delegated the authority to assign fund balance to the City Manager or Finance Director.

Unassigned fund balance is the residual classification for the City's general fund and includes all spendable amounts not contained in the other classifications, as well as negative unassigned fund balance in other governmental funds.

As of September 30, 2024, the various fund balance purposes were as follows:

| | General | Debt Service | Capital Projects | Nonmajor Governmental | Total Governmental |
|----------------------------------|----------------------|----------------------|-----------------------|--------------------------|-----------------------|
| Nonspendable: | | | | | |
| Prepaid items | \$ 399,311 | \$ - | \$ - | \$ - | \$ 399,311 |
| Total nonspendable | 399,311 | - | - | - | 399,311 |
| Restricted: | | | | | |
| Municipal court | - | - | - | 207,823 | 207,823 |
| Police | - | - | - | 249,914 | 249,914 |
| Public Education & Government | - | - | - | 133,101 | 133,101 |
| Tourism (HOT) | - | - | - | 1,326,809 | 1,326,809 |
| Public Improvement District | - | - | - | 47,734 | 47,734 |
| Tax increment zone improvements | - | - | - | 5,331,559 | 5,331,559 |
| Parks | - | - | - | 9 | 9 |
| Federal and state grant programs | - | - | - | 136,633 | 136,633 |
| Debt service | - | 10,509,272 | - | - | 10,509,272 |
| Capital projects | - | - | 451,915,032 | - | 451,915,032 |
| Total restricted | - | 10,509,272 | 451,915,032 | 7,433,582 | 469,857,886 |
| Assigned: | | | | | |
| Subsequent year's budget | 4,081,621 | - | - | - | 4,081,621 |
| Total assigned | 4,081,621 | - | - | - | 4,081,621 |
| Unassigned | 21,027,041 | - | - | (55,273) | 20,971,768 |
| Total fund balance | \$ 25,507,973 | \$ 10,509,272 | \$ 451,915,032 | \$ 7,378,309 | \$ 495,310,586 |

City of Pflugerville, Texas

Notes to the Financial Statements

15. General Fund Balance Policy

The City's goal is to achieve and maintain an unassigned fund balance in the General Fund equal to 25% of budgeted operating expenditures per charter. If the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

If unassigned fund balance falls below 25% or if it is anticipated that at the completion of any fiscal year the projected fund balance will be less than the minimum requirement, the City Manager shall prepare and submit a plan to City Council to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of fund balance as well as an estimated timeline for achieving such.

16. Utility Net Position Policy

The City's goal is to achieve and maintain an unrestricted net position in the Utility Fund equal to 25% of budgeted operating expenses. If the unrestricted net position is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

If unrestricted net position falls below 25% or if it is anticipated that at the completion of any fiscal year the projected net position will be less than the minimum requirement, the City Manager shall prepare and submit a plan to City Council to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of net position as well as an estimated timeline for achieving such.

E. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property values are determined by the County Appraisal District as of July 25 of each year. Prior to October 1 of each year, the City sets its tax rate thus creating the tax levy. The taxes are levied and payable October 1 on property values assessed as of January 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2024, was \$0.5362 per \$100 of assessed valuation.

Allowances for uncollectable tax receivables with the General and Debt Service Funds are based upon historical experience in collecting property taxes. Uncollectible personal property taxes are periodically reviewed and written off, but the City is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature.

City of Pflugerville, Texas

Notes to the Financial Statements

3. Sales Taxes

Revenue from a 1.5% sales tax with the City is considered available when received by the Comptroller of Public Accounts and is accrued on a monthly basis based on information provided by the Comptroller of Public Accounts. The City receives allocations on a monthly basis. The Comptroller for the State of Texas collects and distributes these amounts to the appropriate governmental organization with funding normally occurring within 60 days from the date of the underlying sale. The amount reported is net of a 2% collection and distribution service fee withheld by the state of Texas.

The sales tax collection is allocated to the General Fund and to the PCDC, the City's component unit. From the total imposed rate of 1.5% sales tax within the City, the City allocates 0.5% of the revenue to the PCDC.

4. Revenues and Expenditures/Expenses

In the fund financial statements revenues for governmental funds are recorded when they are determined to be both measurable and available. Generally, tax revenues, fees and non-tax revenues are recognized when received. Grants from other governments are recognized when qualifying expenditures are incurred. Expenditures for governmental funds are recorded when the related liability is incurred.

Revenues and expenses in the Government-wide Statement of Activities are recognized in essentially the same manner as used in commercial accounting.

5. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

F. Use of Estimates

The presentation of financial statements, in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reporting period. Actual results could differ from those estimates.

G. New Accounting Pronouncements

Governmental Accounting Standards Board (GASB) pronouncements which have been implemented:

GASB Statement No. 100, *Accounting Changes and Error Corrections* (GASB 100), enhances accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This statement 1) defines accounting changes and corrections of errors; 2) prescribes the accounting and financial reporting for each type of accounting change and error corrections; and 3) clarifies required note disclosures. The requirements of this statement are effective for reporting periods beginning after June 15, 2023, with earlier application encouraged. GASB 100 was implemented in the City's fiscal year 2024 financial statements with no material impact to the financial statements.

City of Pflugerville, Texas

Notes to the Financial Statements

The following GASB pronouncements will become effective in future reporting periods. City management has not determined their impact:

GASB Statement No. 101, *Compensated Absences* (GASB 101), improves the information needs of financial statements users by updating the recognition and measurement guidance for compensated absences under a unified model and amending certain previously required disclosures. The requirements of this statement are effective for reporting periods beginning after December 15, 2023, with earlier application encouraged. GASB 101 will be implemented in the City's fiscal year 2025 financial statements and the impact has not yet been determined.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

The City Council follows these procedures in establishing the budgets reflected in the financial statements:

On or before the first day of August each year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Work sessions are conducted to obtain Council Members' comments, and public hearings are conducted to obtain citizens' comments. The budget is legally enacted by the City Council through the adoption of an ordinance prior to the beginning of the fiscal year.

The budgets for the General Fund and Special Revenue Funds (except as noted in the following paragraph) are adopted on a basis consistent with generally accepted accounting principles. Formal budget integration is employed as a management control device during the year for the General Fund and Special Revenue Fund. The City Manager is authorized to transfer budgeted amounts of operation and maintenance line items within a department. Any revisions that alter the total expenditures or the capital outlays of any fund must be approved by the City Council.

Annually appropriated budgets are not adopted for all Special Revenue Funds. The Community Development Block Grant, Grant, Lakeside Meadows PID, Martin Tract PID, Meadowlark PID, Court Truancy, and Parks do not have legally adopted budgets. Accordingly, budget and actual comparisons do not include these funds.

City of Pflugerville, Texas
 Notes to the Financial Statements

Note 3. Detailed Notes on All Funds

A. Cash and Investments

At September 30, 2024, the carrying amount of the City's cash and investments were as follows:

| | Carrying Value / Fair Value |
|--|--------------------------------|
| Primary government | |
| Cash in bank | \$ 157,768,010 |
| Local government investment pools | 288,780,080 |
| Investments by fair value level | 262,974,183 |
| Petty Cash | 3,750 |
| | \$ 709,526,023 |
| Discretely presented component unit | |
| Cash in bank | \$ 5,214,143 |
| Local government investment pools | 5,312,164 |
| Investments | 11,875,606 |
| | \$ 22,401,913 |

The City's cash deposits as of and for the year ended September 30, 2024 were entirely covered by FDIC insurance or by pledged collateral held by the agent bank in the City's name.

Investments

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

Certain investment types are not required to be measured at fair value; these include certain investment pools in which the underlying portfolio is measured at amortized cost. Other investment pools, in which underlying portfolio investments are measured at fair value, are reported by the City at the net asset value (NAV) determined by the pool, which approximates fair value.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created in accordance with the requirements contained in section 2256.016 of the Public Funds Investment Act (PFIA). The Texas CLASS Trust Agreement is an agreement of indefinite term regarding the investment, reinvestment, and withdrawal of local government funds. The parties to the Trust Agreement are Texas local government entities that choose to participate in the Trust (the Participants), Public Trust Advisors, LLC (Public Trust) as Program Administrator, and UMB Bank, N.A. as Custodian.

City of Pflugerville, Texas

Notes to the Financial Statements

Texas CLASS is an external investment pool measured at fair value, i.e. net asset value. The investment pool's strategy is to seek preservation of principal, liquidity and current income through investment in a diversified portfolio of short term marketable securities. There are no unfunded commitments related to the investment pool. Texas CLASS has a redemption notice period of one day and may redeem daily. The investment pool's authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool's liquidity. The Texas CLASS portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; AAA rated money market mutual funds; and commercial paper. Texas CLASS is currently rated at AAAM by Standard and Poors.

TexPool Prime is duly chartered and overseen by the State Comptroller's Office, administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. The portfolio consists of U.S. Government securities, collateralized repurchase and reverse repurchase agreements, AAA rated money market mutual funds, commercial paper and certificates of deposit.

TexPool Prime transacts at a net asset value of \$1.00 per share, has a weighted average maturity of 60 days or less and weighted average life of 120 days or less, investments held are highly rated by a nationally recognized statistical rating organization, have no more than 5% of portfolio with one issuer (excluding US government securities), and can meet reasonably foreseeable redemptions. The investment pool has a redemption notice period of one day and no maximum transaction amounts. The investment pool authorities may only impose restrictions on redemptions in the event of a general suspension of trading on major securities market, general banking moratorium or national or state emergency that affects the pool liquidity.

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. GASB Statement No. 72, Fair Value Measurement and Application provides a framework for measuring fair value which establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs – other than quoted prices included within Level 1- that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement. The Level 2 investments below represent approximate fair value of the City's commercial paper based on quoted market prices or alternative pricing sources and models utilizing observable inputs.

City of Pflugerville, Texas
 Notes to the Financial Statements

The City has recurring fair value measurements as presented in the table below. The City's investment balances and weighted average maturity of such investments are as follows:

| Investment Type | September 30, 2024 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Other Observable Inputs (Level 3) | Weighted Average Maturity (Days) |
|--|-----------------------|--|--|--|---|
| Primary government | | | | | |
| Investments not subject to fair value (NAV) | | | | | |
| Texas Class | \$ 288,780,080 | \$ - | \$ - | \$ - | 36 |
| Investments by fair value level | | | | | |
| CD Investments | - | 99,437,809 | - | - | 199 |
| U.S. Agency Securities | - | 93,762,639 | - | - | 322 |
| U.S. Treasury Bonds | - | 69,773,735 | - | - | 173 |
| Total primary government | \$ 288,780,080 | \$ 262,974,183 | \$ - | \$ - | |
| Discretely presented component unit | | | | | |
| Investments not subject to fair value (amortized cost) | | | | | |
| TexPool Prime | \$ 5,312,164 | \$ - | \$ - | \$ - | 38 |
| Investments by fair value level | | | | | |
| CD Investments | - | 11,875,606 | - | - | 161 |
| Total discretely presented component unit | \$ 5,312,164 | \$ 11,875,606 | \$ - | \$ - | |

Interest Rate Risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City monitors interest rate risk utilizing weighted average maturity analysis. In accordance with its investment policy, the City reduces its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to interest-bearing accounts and certificates of deposit with bank depository.

Concentration of Credit Risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy does not limit an investment in any one issuer.

Custodial Credit Risk – Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. At September 30, 2024, the City's deposits were held at various depository banks. Deposit balances held at the depository banks were insured and collateralized with securities held by the City's or the bank's agent in the City's name.

Custodial Credit Risk – Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City is not exposed to custodial risk as the cash equivalents and certificates of deposit at bank depository are insured or registered in the City's name or the investments are held by the City or its agent.

B. Lease Receivables

On August 12, 2022, the City entered into a 25-year lease as lessor for the use of 901 Old Austin Hutto Road. The lessee has 4 extension options, each for 5 years. An initial lease receivable was recorded in the amount of \$372,461. As of fiscal year-end, the value of the lease receivable is \$358,014. The lessee is required to make monthly fixed payments of \$1,500. The lease has an interest rate of 3.074%. The value of the deferred inflow of resources as of fiscal year-end was \$355,535.

City of Pflugerville, Texas
Notes to the Financial Statements

For the year ended September 30, 2024, payments were as follows:

| | Fixed Payments |
|--------------------------------------|-------------------|
| Governmental activities: | |
| Rent | \$ 6,880 |
| Interest revenue | 11,120 |
| Total governmental activities | \$ 18,000 |

C. Interfund Activity

Receivables/Payables

The composition of interfund balances as of September 30, 2024 is as follows:

| Receivable Fund | Payable Fund | Amount |
|--------------------|---------------------------|-------------------|
| General | Non-major special revenue | \$ 48,270 |
| General | Water/Wastewater | 90,624 |
| Capital Projects | General | 24,211 |
| Capital Projects | Non-major special revenue | 677,521 |
| Water/Wastewater | Non-major special revenue | 11,819 |
| | | \$ 852,445 |

The receivable balance in the Capital Projects Fund is the result of temporary lending to the General Fund to cover its negative cash balance.

Transfers To and From Other Funds

Interfund transfers are defined as “flows of assets without equivalent flow of assets in return and without a requirement for repayment.” Transfers are funds collected in one fund and are transferred to finance various programs accounted for in other funds. The following is a summary of the City’s transfers for the year ended September 30, 2024.

| Transfer In | Transfer Out | Amount |
|------------------|---------------------------|---------------------|
| General | Non-major special revenue | \$ 4,080 |
| General | Water/Wastewater | 3,634,912 |
| General | Solid Waste | 165,111 |
| Debt Service | Non-major special revenue | 1,795,029 |
| Water/Wastewater | Solid Waste | 250,000 |
| Water/Wastewater | Non-major special revenue | 1,223 |
| | | \$ 5,850,355 |

Transfers from the Water/Wastewater, Solid Waste, and nonmajor governmental funds to the General Fund were administrative transfers per the adopted budget. Transfers from the Solid Waste Fund to the Water/Wastewater fund were administrative transfers. Transfers from nonmajor governmental funds to the Water/Wastewater fund were for grant expenditure reimbursements. Transfers from the nonmajor governmental funds to debt service fund were budgeted transfers for annual debt service.

City of Pflugerville, Texas
Notes to the Financial Statements

D. Capital Assets

Primary Government

Capital asset activity for the year ended September 30, 2024 is as follows:

| | Beginning Balance | Increases | Decreases | Adjustments and Transfers | Ending Balance |
|--|-----------------------|----------------------|--------------------|---------------------------------|-----------------------|
| Governmental activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 23,348,180 | \$ - | \$ - | \$ - | \$ 23,348,180 |
| Construction in progress | 28,759,163 | 48,176,454 | - | (4,611,754) | 72,323,863 |
| Total capital assets, not being depreciated | 52,107,343 | 48,176,454 | - | (4,611,754) | 95,672,043 |
| Depreciable assets: | | | | | |
| Buildings and improvements | 111,581,586 | 1,835,148 | - | 4,383,249 | 117,799,983 |
| Equipment | 17,357,899 | 1,835,800 | (95,246) | - | 19,098,453 |
| Software | 1,110,978 | - | - | - | 1,110,978 |
| Infrastructure | 445,668,280 | 8,598,613 | - | - | 454,266,893 |
| Right of Use Asset - Buildings | 508,699 | - | - | - | 508,699 |
| Right of Use Asset - Vehicles | 2,426,353 | 1,627,592 | (26,560) | - | 4,027,385 |
| Right of Use Asset - Software | 1,356,752 | 1,127,626 | (24,414) | 11,235 | 2,471,199 |
| Total depreciable assets | 580,010,547 | 15,024,779 | (146,220) | 4,394,484 | 599,283,590 |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (65,525,215) | (3,901,787) | - | - | (69,427,002) |
| Equipment | (12,089,389) | (1,009,733) | 61,842 | - | (13,037,280) |
| Software | (444,391) | (67,219) | - | - | (511,610) |
| Infrastructure | (258,830,888) | (11,275,797) | - | - | (270,106,685) |
| Right of Use Asset - Buildings | (127,175) | (63,587) | - | - | (190,762) |
| Right of Use Asset - Vehicles | (356,431) | (725,294) | 26,560 | - | (1,055,165) |
| Right of Use Asset - Software | (432,776) | (548,189) | 24,414 | (9,554) | (966,105) |
| Total accumulated depreciation | (337,806,265) | (17,591,606) | 112,816 | (9,554) | (355,294,609) |
| Total depreciable assets, net | 242,204,282 | (2,566,827) | (33,404) | 4,384,930 | 243,988,981 |
| Governmental activities capital assets, net | \$ 294,311,625 | \$ 45,609,627 | \$ (33,404) | \$ (226,824) | \$ 339,661,024 |

City of Pflugerville, Texas
Notes to the Financial Statements

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

| | |
|--------------------------------------|----------------------|
| Governmental activities: | |
| General government | \$ 854,534 |
| Public Safety | 1,377,547 |
| Public Works and streets | 13,562,039 |
| Culture & recreation | 1,797,486 |
| | <u>17,591,606</u> |
| Total governmental activities | \$ 17,591,606 |

| | Beginning Balance | Increases | Decreases | Adjustments and Transfers | Ending Balance |
|---|-----------------------|-----------------------|-------------|---------------------------------|-----------------------|
| Business-type activities: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 10,715,211 | \$ 38,000 | \$ - | \$ - | \$ 10,753,211 |
| Construction in progress | 157,524,439 | 122,774,586 | - | (71,434,537) | 208,864,488 |
| Water Rights | 9,843,758 | - | - | - | 9,843,758 |
| | <u>178,083,408</u> | <u>122,812,586</u> | <u>-</u> | <u>(71,434,537)</u> | <u>229,461,457</u> |
| Total capital assets, not being depreciated | | | | | |
| Depreciable assets: | | | | | |
| Buildings and improvements | 3,049,344 | 426,930 | - | - | 3,476,274 |
| Equipment | 7,479,429 | 1,607,329 | - | 15,943,728 | 25,030,486 |
| Infrastructure | 267,484,467 | 5,056,153 | - | 55,490,809 | 328,031,429 |
| Right of Use Asset - Vehicles | 533,432 | 313,494 | - | - | 846,926 |
| Right of Use Asset - Software | 159,630 | 329,377 | - | - | 489,007 |
| | <u>278,706,302</u> | <u>7,733,283</u> | <u>-</u> | <u>71,434,537</u> | <u>357,874,122</u> |
| Total depreciable assets | | | | | |
| Less accumulated depreciation for: | | | | | |
| Buildings and improvements | (1,093,977) | (226,196) | - | - | (1,320,173) |
| Equipment | (4,817,725) | (658,665) | - | - | (5,476,390) |
| Infrastructure | (80,492,848) | (4,796,017) | - | - | (85,288,865) |
| Right of Use Asset - Vehicles | (30,152) | (149,792) | - | - | (179,944) |
| Right of Use Asset - Software | (43,079) | (111,699) | - | - | (154,778) |
| | <u>(86,477,781)</u> | <u>(5,942,369)</u> | <u>-</u> | <u>-</u> | <u>(92,420,150)</u> |
| Total accumulated depreciation | | | | | |
| Total depreciable assets, net | <u>192,228,521</u> | <u>1,790,914</u> | <u>-</u> | <u>71,434,537</u> | <u>265,453,972</u> |
| Business-type activities capital assets, net | <u>\$ 370,311,929</u> | <u>\$ 124,603,500</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 494,915,429</u> |

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

| | |
|---------------------------------------|---------------------|
| Business-type activities: | |
| Water/wastewater | \$ 5,929,159 |
| Solid Waste | 13,210 |
| | <u>5,942,369</u> |
| Total business-type activities | \$ 5,942,369 |

City of Pflugerville, Texas
Notes to the Financial Statements

Activity for this component unit for the year ended September 30, 2024, was as follows:

| | Beginning Balance | Increases | Decreases | Adjustments and Transfers | Ending Balance |
|--|----------------------|---------------------|-----------------|---------------------------------|----------------------|
| Discretely Presented Component unit: | | | | | |
| Capital assets, not being depreciated: | | | | | |
| Land | \$ 8,481,672 | \$ - | \$ - | \$ - | \$ 8,481,672 |
| Construction in progress | - | 486,099 | - | - | 486,099 |
| Total capital assets, not being depreciated | 8,481,672 | 486,099 | - | - | 8,967,771 |
| Depreciable assets: | | | | | |
| Leasehold Improvements | 295,250 | - | - | - | 295,250 |
| Buildings | 6,167,465 | - | - | - | 6,167,465 |
| Equipment | 11,380,899 | - | (57,329) | - | 11,323,570 |
| Vehicle | 38,339 | - | - | - | 38,339 |
| Right of Use Asset - Buildings | 418,959 | - | - | - | 418,959 |
| Right of Use Asset - Equipment | 12,250 | - | - | - | 12,250 |
| Total depreciable assets | 18,313,162 | - | (57,329) | - | 18,255,833 |
| Less accumulated depreciation for: | | | | | |
| Leasehold Improvements | (295,250) | - | - | - | (295,250) |
| Buildings | (1,541,867) | (154,187) | - | - | (1,696,054) |
| Equipment | (7,619,610) | (751,581) | 57,329 | - | (8,313,862) |
| Vehicle | (38,339) | - | - | - | (38,339) |
| Right of Use Asset - Buildings | (135,878) | (67,939) | - | - | (203,817) |
| Right of Use Asset - Equipment | (5,724) | (2,862) | - | - | (8,586) |
| Total accumulated depreciation | (9,636,668) | (976,569) | 57,329 | - | (10,555,908) |
| Total depreciable assets, net | 8,676,494 | (976,569) | - | - | 7,699,925 |
| Component unit capital assets, net | \$ 17,158,166 | \$ (490,470) | \$ - | \$ - | \$ 16,667,696 |

E. Long-term Liabilities

Primary Government and Discretely Presented Component Units

Long-term obligations include general obligation bonds, certificates of obligation, notes payables compensated absences, lease liabilities, subscription liabilities, net pension liability, and other postemployment benefits. The requirements for the general obligation bonds and certificates of obligation principal and interest payments are accounted for in the Debt Service Fund. The requirements for the subscription liability principal and interest payments are accounted for in the General Fund and Water/Wastewater Fund. Compensated absences, other postemployment benefits, and net pension liability are generally liquidated by the General Fund, Water/Wastewater Fund, and the PCDC.

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or are not performed correctly, a liability could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the Internal Revenue Service's rules and regulations. The City recognized an arbitrage liability of \$7,099,369 as of September 30, 2024.

City of Pflugerville, Texas
Notes to the Financial Statements

Changes in Long-term Liabilities

Changes in long-term obligations for the period ended September 30, 2024, are as follows:

| | Beginning Balance | Additions | Reductions | Ending Balance | Due Within One Year |
|---|-----------------------|-----------------------|------------------------|-----------------------|------------------------|
| Governmental activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 194,865,584 | \$ - | \$ (6,556,865) | \$ 188,308,719 | \$ 7,420,666 |
| Certificates of obligation | 279,916,721 | - | (3,041,667) | 276,875,054 | 4,554,648 |
| Limited tax bonds | 96,805,000 | - | (500,000) | 96,305,000 | 225,000 |
| Premium on bond issuance | 39,282,887 | - | (1,974,432) | 37,308,455 | 1,899,352 |
| Total bonds payable, net | 610,870,192 | - | (12,072,964) | 598,797,228 | 14,099,666 |
| Notes payable | 500,000 | - | (63,594) | 436,406 | 66,042 |
| Arbitrage rebate liability | - | 7,099,369 | - | 7,099,369 | - |
| Compensated absences | 965,269 | 3,120,237 | (2,583,910) | 1,501,596 | 300,319 |
| Leases | 2,403,669 | 1,623,693 | (693,946) | 3,333,416 | 860,260 |
| Subscription liability | 843,073 | 1,127,626 | (527,185) | 1,443,514 | 425,304 |
| Net pension liability | 16,129,249 | 3,988,888 | (5,923,610) | 14,194,527 | - |
| OPEB liability - TMRS | 664,428 | 123,721 | (21,663) | 766,486 | 13,873 |
| OPEB liability - Retiree health | 305,602 | 40,733 | (10,406) | 335,929 | 6,453 |
| Total governmental activities long-term liabilities | \$ 632,681,482 | \$ 17,124,267 | \$ (21,897,278) | \$ 627,908,471 | \$ 15,771,917 |
| Business-type activities: | | | | | |
| Bonds payable: | | | | | |
| General obligation bonds | \$ 43,310,655 | \$ - | \$ (2,194,374) | \$ 41,116,281 | \$ 2,694,334 |
| Certificates of obligation | 128,463,280 | - | (4,243,333) | 124,219,947 | 3,725,352 |
| Revenue bonds | 67,150,598 | 155,526,468 | (375,000) | 222,302,066 | 1,905,000 |
| Premium on bond issuance | 19,121,151 | - | (1,311,873) | 17,809,278 | 1,311,873 |
| Discount on bond issuance | (969,442) | (2,115,573) | 80,234 | (3,004,781) | (80,234) |
| Total bonds payable, net | 257,076,242 | 153,410,895 | (8,044,346) | 402,442,791 | 9,556,325 |
| Notes payable | 500,000 | - | (41,839) | 458,161 | 43,471 |
| Compensated absences | 179,159 | 583,968 | (542,977) | 220,150 | 44,030 |
| Leases | 482,997 | 313,494 | (128,290) | 668,201 | 147,266 |
| Subscription liability | 108,703 | 216,042 | (92,684) | 232,061 | 113,778 |
| Net pension liability | 3,127,257 | 759,788 | (1,183,326) | 2,703,719 | - |
| OPEB liability - TMRS | 129,772 | 20,351 | (4,126) | 145,997 | 5,284 |
| OPEB liability - Retiree health | 59,688 | 6,280 | (1,982) | 63,986 | 1,229 |
| Total business-type activities long-term liabilities | \$ 261,663,818 | \$ 155,310,818 | \$ (10,039,570) | \$ 406,935,066 | \$ 9,911,383 |
| Component Unit: | | | | | |
| Notes payable | 19,845,000 | 39,359,244 | (2,481,785) | 56,722,459 | 3,360,920 |
| Leases | 298,539 | - | (69,445) | 229,094 | 71,657 |
| Total component units | \$ 20,143,539 | \$ 39,359,244 | \$ (2,551,230) | \$ 56,951,553 | \$ 3,432,577 |

City of Pflugerville, Texas

Notes to the Financial Statements

Bonds Payable

Governmental Activities

| Series | Interest Rate | Original Issue | Maturity Date | Debt Outstanding |
|--|---------------|----------------|---------------|-----------------------|
| General obligation bonds: | | | | |
| Limited Tax General Obligation Refunding Bonds, Series 2012 | 3.00% | \$ 10,612,250 | 2025 | \$ 461,550 |
| Limited Tax General Obligation and Refunding Bonds, Series 2015 | 3.38% - 5.00% | 14,027,795 | 2045 | 8,304,000 |
| Limited Tax General Obligation and Refunding Bonds, Series 2016 | 3.00% - 5.00% | 52,845,000 | 2046 | 44,425,000 |
| Limited Tax General Obligation Bonds, Series 2017 | 3.38% - 5.00% | 17,355,000 | 2047 | 16,255,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2017A | 4.00% - 5.00% | 8,785,000 | 2035 | 7,195,000 |
| Limited Tax General Obligation Bonds, Series 2019 | 3.00% - 5.00% | 5,050,000 | 2045 | 4,640,000 |
| Limited Tax General Obligation Bonds, Series 2020A | 1.50% - 5.00% | 15,265,000 | 2050 | 14,195,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2020B | 3.00% - 5.00% | 13,211,523 | 2035 | 9,910,709 |
| Limited Tax General Obligation Refunding Bonds, Series 2020C | 1.55% - 5.00% | 11,742,427 | 2034 | 11,087,460 |
| Limited Tax General Obligation Bonds, Series 2021 | 2.00% - 5.00% | 34,255,000 | 2041 | 28,965,000 |
| Limited Tax General Obligation Bonds, Series 2022 | 4.00% - 5.00% | 44,715,000 | 2042 | 42,870,000 |
| Total general obligation bonds | | | | 188,308,719 |
| Certificates of obligation: | | | | |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2014 | 4.00% | 4,980,000 | 2029 | 1,375,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2015 | 3.25% - 5.00% | 8,551,000 | 2045 | 6,976,800 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2016A | 3.00% - 4.00% | 8,630,000 | 2046 | 6,550,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2016B | 3.00% - 4.00% | 5,940,000 | 2041 | 5,470,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2016C | 2.40% - 2.50% | 1,565,000 | 2026 | 310,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2017B | 3.00% - 5.00% | 2,060,000 | 2041 | 1,760,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2019 | 3.75% - 5.00% | 6,941,200 | 2045 | 6,434,300 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2020 | 1.50% - 5.00% | 10,265,101 | 2050 | 9,598,551 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2022 | 4.00% - 5.00% | 16,271,827 | 2042 | 15,175,403 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2023 | 4.00% - 5.00% | 150,275,000 | 2053 | 148,965,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2023A | 4.13% - 5.00% | 74,360,000 | 2053 | 74,260,000 |
| Total certificates of obligation | | | | 276,875,054 |
| Limited tax bonds: | | | | |
| Limited Tax Bonds, Series 2023 | 4.00% - 5.00% | 96,805,000 | 2053 | 96,305,000 |
| Total certificates of obligation | | | | 96,305,000 |
| Total governmental activities | | | | \$ 561,488,773 |

Business-type Activities

| Series | Interest Rate | Original Issue | Maturity Date | Debt Outstanding |
|--|---------------|----------------|---------------|-----------------------|
| General Obligation Bonds: | | | | |
| Limited Tax General Obligation Refunding Bonds, Series 2012 | 3.00% | \$ 51,812,750 | 2025 | \$ 2,253,450 |
| Limited Tax General Obligation and Refunding Bonds, Series 2015 | 3.75% - 5.00% | 10,267,205 | 2045 | 8,996,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2017A | 4.00% - 5.00% | 5,345,000 | 2035 | 4,580,000 |
| Limited Tax General Obligation Refunding Bonds, Series 2020B | 3.00% - 5.00% | 533,477 | 2035 | 454,291 |
| Limited Tax General Obligation Refunding Bonds, Series 2020C | 1.55% - 5.00% | 27,157,573 | 2034 | 24,832,540 |
| Total general obligation bonds | | | | 41,116,281 |
| Certificates of Obligation: | | | | |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2015 | 3.25% - 5.00% | 16,599,000 | 2045 | 13,543,200 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2017A | 4.00% - 5.00% | 16,950,000 | 2047 | 13,690,000 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2019 | 3.75% - 5.00% | 11,818,800 | 2045 | 10,955,700 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2020 | 1.50% - 5.00% | 35,704,899 | 2050 | 33,386,450 |
| Combination Tax and Limited Revenue Certificates of Obligation, Series 2022 | 4.00% - 5.00% | 56,448,173 | 2042 | 52,644,597 |
| Total certificates of obligation | | | | 124,219,947 |
| Revenue Bonds | | | | |
| Utility System Revenue Bonds, Series 2021 | 0.60% - 2.07% | 11,630,000 | 2051 | 11,265,000 |
| Utility System Revenue Bonds, Series 2022A | 0.60% - 2.89% | 31,120,000 | 2052 | 31,115,000 |
| Utility System Revenue Bonds, Series 2022B | 1.23% - 2.72% | 24,000,000 | 2052 | 23,995,000 |
| Utility System Revenue Bonds, Series 2024A | 1.49% - 2.79% | 122,915,000 | 2053 | 122,915,000 |
| Utility System Revenue Bonds, Series 2022C | 4.16% | 33,012,066 | 2053 | 33,012,066 |
| Total revenue bonds | | | | 222,302,066 |
| Total business-type activities bonds payable | | | | \$ 387,638,294 |

City of Pflugerville, Texas
Notes to the Financial Statements

The principal and interest requirements for certificates of obligation and bonds are as follows:

| Year Ending September 30, | Governmental Activities General Obligation Bonds | | | Governmental Activities Certificates of Obligation | | | Governmental Activities Limited Tax Bonds | | |
|------------------------------|---|----------------------|-----------------------|---|-----------------------|-----------------------|--|----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| | 2025 | \$ 7,420,666 | \$ 7,439,878 | \$ 14,860,544 | \$ 4,554,648 | \$ 12,329,695 | \$ 16,884,343 | \$ 225,000 | \$ 4,696,650 |
| 2026 | 8,264,621 | 7,039,915 | 15,304,536 | 4,955,799 | 12,115,035 | 17,070,834 | 350,000 | 4,685,400 | 5,035,400 |
| 2027 | 9,339,145 | 6,666,316 | 16,005,461 | 5,920,101 | 11,878,047 | 17,798,148 | 450,000 | 4,667,900 | 5,117,900 |
| 2028 | 9,748,423 | 6,201,161 | 15,949,584 | 6,205,340 | 11,592,654 | 17,797,994 | 600,000 | 4,645,400 | 5,245,400 |
| 2029 | 10,211,381 | 5,747,838 | 15,959,219 | 6,507,081 | 11,295,232 | 17,802,313 | 2,015,000 | 4,615,400 | 6,630,400 |
| 2030-2034 | 56,904,556 | 21,875,573 | 78,780,129 | 37,861,531 | 51,429,147 | 89,290,678 | 11,690,000 | 21,461,250 | 33,151,250 |
| 2035-2039 | 44,215,327 | 11,279,993 | 55,495,320 | 47,727,453 | 41,573,394 | 89,300,847 | 14,915,000 | 18,231,750 | 33,146,750 |
| 2040-2044 | 31,010,400 | 4,223,239 | 35,233,639 | 54,588,243 | 30,409,872 | 84,998,115 | 18,925,000 | 14,228,000 | 33,153,000 |
| 2045-2049 | 10,474,200 | 791,618 | 11,265,818 | 57,707,239 | 18,998,748 | 76,705,987 | 23,620,000 | 9,536,750 | 33,156,750 |
| 2050-2054 | 720,000 | 17,100 | 737,100 | 50,847,619 | 6,074,249 | 56,921,868 | 23,515,000 | 3,011,000 | 26,526,000 |
| Totals | \$ 188,308,719 | \$ 71,282,631 | \$ 259,591,350 | \$ 276,875,054 | \$ 207,696,073 | \$ 484,571,127 | \$ 96,305,000 | \$ 89,779,500 | \$ 186,084,500 |

| Year Ending September 30, | Business-type Activities General Obligation Bonds | | | Business-type Activities Certificates of Obligation | | | Business-type Activities Limited Tax Notes | | |
|------------------------------|--|---------------------|----------------------|--|----------------------|-----------------------|---|-----------------------|-----------------------|
| | Principal | Interest | Total | Principal | Interest | Total | Principal | Interest | Total |
| | 2025 | \$ 2,694,334 | \$ 1,437,515 | \$ 4,131,849 | \$ 3,725,352 | \$ 5,279,512 | \$ 9,004,864 | \$ 1,905,000 | \$ 5,561,375 |
| 2026 | 3,075,379 | 1,394,029 | 4,469,408 | 3,614,201 | 5,097,403 | 8,711,604 | 3,665,000 | 5,545,819 | 9,210,819 |
| 2027 | 3,185,855 | 1,246,728 | 4,432,583 | 3,829,899 | 4,921,016 | 8,750,915 | 4,585,000 | 5,481,969 | 10,066,969 |
| 2028 | 3,301,577 | 1,092,933 | 4,394,510 | 4,049,660 | 4,734,009 | 8,783,669 | 4,944,728 | 5,396,981 | 10,341,709 |
| 2029 | 3,588,619 | 922,656 | 4,511,275 | 4,147,919 | 4,539,668 | 8,687,587 | 5,693,421 | 5,312,091 | 11,005,512 |
| 2030-2034 | 19,415,444 | 2,823,344 | 22,238,788 | 24,973,469 | 19,590,103 | 44,563,572 | 33,716,054 | 24,906,767 | 58,622,821 |
| 2035-2039 | 3,959,673 | 715,482 | 4,675,155 | 32,557,547 | 13,464,487 | 46,022,034 | 37,210,148 | 21,406,755 | 58,616,903 |
| 2040-2044 | 1,549,600 | 263,042 | 1,812,642 | 29,996,757 | 6,599,696 | 36,596,453 | 42,106,993 | 16,517,191 | 58,624,184 |
| 2045-2049 | 345,800 | 13,832 | 359,632 | 15,437,761 | 2,054,239 | 17,492,000 | 48,298,552 | 10,331,460 | 58,630,012 |
| 2050-2054 | - | - | - | 1,887,382 | 75,495 | 1,962,877 | 40,177,170 | 2,939,607 | 43,116,777 |
| Totals | \$ 41,116,281 | \$ 9,909,561 | \$ 51,025,842 | \$ 124,219,947 | \$ 66,355,628 | \$ 190,575,575 | \$ 222,302,066 | \$ 103,400,015 | \$ 325,702,081 |

Leases

The City entered into a 8 year lease as Lessee for the use of 103 N.Railroad Avenue. An initial lease liability was recorded in the amount of \$508,699. As of the fiscal year end, the value of the lease liability is \$319,708. Pflugerville, TX is required to make annual fixed payments of \$65,850. The lease has an interest rate of 0.988%. The City has 5 extension options, each for 12 months. Additionally, the City entered into various lease agreements for the right to use vehicles. Monthly payments ranged from \$477 to \$1,975 at interest rates of 0.3% – 13%. The value of the right to use assets for governmental activities as of the fiscal year-end of \$4,536,084 with accumulated amortization of \$1,245,927. The value of the right to use assets for business-type activities as of the fiscal year-end of \$846,926 with accumulated amortization of \$179,944.

The lease rate, term and ending lease liability are as follows

| | Interest Rate | Lease Term in Years | Ending Balance |
|---------------------------------------|------------------|------------------------|---------------------|
| Governmental activities | | | |
| Building | 0.99% | 8 | \$ 319,708 |
| Vehicles | 0.30 - 13% | 5 - 6 | 3,013,708 |
| Total governmental activities | | | \$ 3,333,416 |
| Business-type activities | | | |
| Vehicles | 0.30 - 13% | 5 - 6 | \$ 668,201 |
| Total business-type activities | | | \$ 668,201 |

City of Pflugerville, Texas
 Notes to the Financial Statements

Principal and interest requirements to maturity for the lease payables at September 30, 2024, are as follows:

| Year Ending September 30, | Governmental Activities | | |
|------------------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 860,260 | \$ 252,362 | \$ 1,112,622 |
| 2026 | 939,513 | 171,684 | 1,111,197 |
| 2027 | 954,610 | 83,388 | 1,037,998 |
| 2028 | 428,031 | 20,451 | 448,482 |
| 2029 | 151,002 | 2,813 | 153,815 |
| Totals | \$ 3,333,416 | \$ 530,698 | \$ 3,864,114 |

| Year Ending September 30, | Business-type Activities | | |
|------------------------------|--------------------------|-------------------|-------------------|
| | Principal | Interest | Total |
| 2025 | \$ 147,266 | \$ 50,491 | \$ 197,757 |
| 2026 | 156,619 | 37,843 | 194,462 |
| 2027 | 170,369 | 24,092 | 194,461 |
| 2028 | 165,871 | 9,303 | 175,174 |
| 2029 | 28,076 | 612 | 28,688 |
| Totals | \$ 668,201 | \$ 122,341 | \$ 790,542 |

Subscription-Based Information Technology Arrangements (SBITAs)

The City has entered into multiple SBITAs that allow the right-to-use the SBITA vendor's information technology software over the subscription term. The City is required to make yearly payments at its incremental borrowing rate or the interest rate stated or implied within the SBITAs. The value of the subscription assets for governmental activities as of the end of the current fiscal year was \$2,471,199 and had accumulated amortization of \$966,105. The value of the subscription assets for business-type activities as of the end of the current fiscal year was \$489,007 and had accumulated amortization of \$154,778.

The SBITA rate, term and ending subscription liability are as follows:

| | Interest Rate | Subscription Term in Years | Ending Balance |
|---------------------------------------|------------------|-------------------------------|---------------------|
| Governmental activities | | | |
| Software subscriptions | 2.31 - 3.59% | 2 - 11 | \$ 1,443,514 |
| Total governmental activities | | | \$ 1,443,514 |
| Business-type activities | | | |
| Software subscriptions | 3.14 - 3.48% | 3 - 4 | \$ 232,061 |
| Total business-type activities | | | \$ 232,061 |

City of Pflugerville, Texas
Notes to the Financial Statements

The future principal and interest SBITA payments as of fiscal year end are as follows:

| Year Ending September 30, | Governmental Activities | | |
|------------------------------|-------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| 2025 | \$ 425,304 | \$ 37,596 | \$ 462,900 |
| 2026 | 256,362 | 25,085 | 281,447 |
| 2027 | 101,452 | 17,774 | 119,226 |
| 2028 | 103,819 | 15,408 | 119,227 |
| 2029 | 106,241 | 12,986 | 119,227 |
| 2030 - 2034 | 450,336 | 26,571 | 476,907 |
| Totals | \$ 1,443,514 | \$ 135,420 | \$ 1,578,934 |

| Year Ending September 30, | Business-type Activities | | |
|------------------------------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2025 | \$ 113,778 | \$ 7,997 | \$ 121,775 |
| 2026 | 59,769 | 4,231 | 64,000 |
| 2027 | 58,514 | 2,152 | 60,666 |
| Totals | \$ 232,061 | \$ 14,380 | \$ 246,441 |

Notes Payable

The City issued notes payable to finance the acquisition of vehicles and equipment. Principal and interest payments are due in annual installments through February 15, 2033, with interest at between 3.85% - 3.90%. The annual requirements to retire the notes payable, including interest, as of September 30, 2024 are as follows:

| Year Ending September 30, | Governmental Activities | | |
|------------------------------|-------------------------|------------------|-------------------|
| | Notes Payable | | |
| | Principal | Interest | Total |
| 2025 | \$ 66,042 | \$ 16,802 | \$ 82,844 |
| 2026 | 68,585 | 14,259 | 82,844 |
| 2027 | 71,225 | 11,619 | 82,844 |
| 2028 | 73,967 | 8,876 | 82,843 |
| 2029 | 76,815 | 6,028 | 82,843 |
| 2030 | 79,772 | 3,071 | 82,843 |
| Totals | \$ 436,406 | \$ 60,655 | \$ 497,061 |

| Year Ending September 30, | Business-type Activities | | |
|------------------------------|--------------------------|------------------|-------------------|
| | Notes Payable | | |
| | Principal | Interest | Total |
| 2025 | \$ 43,471 | \$ 17,868 | \$ 61,339 |
| 2026 | 45,166 | 16,173 | 61,339 |
| 2027 | 46,928 | 14,411 | 61,339 |
| 2028 | 48,758 | 12,581 | 61,339 |
| 2029 | 50,659 | 10,680 | 61,339 |
| 2030 - 2033 | 223,179 | 22,175 | 245,354 |
| Totals | \$ 458,161 | \$ 93,888 | \$ 552,049 |

City of Pflugerville, Texas
Notes to the Financial Statements

F. Component Unit Long-term Liabilities

Notes Payable

In March 2017, the PCDC closed on a loan with Whitney Bank to refinance the Capital One Bank loan obtained to construct a water and adventure park in the original amount of \$23,500,000 and amended to \$25,000,000. The loan with Whitney Bank is a fixed-rate, fully taxable bank loan of approximately \$24,000,000 at a rate of 4.295% for 15 years, maturing in October 2031, and does not include a balloon maturity. Further, if the PCDC is unable to make payments on the loan when due, the City is no longer obligated to make such payments other than the 0.50% sales tax allocation to the PCDC. Additionally, the PCDC participated in several of the City's issuances of long-term debt and is obligated to pay the City its portion of the principal and interest for the certificates, through 2053.

Future maturity requirements for the PCDC note payable, including interest, as of September 30, 2024, follows:

| Year Ending September 30, | Discretely Presented Component Unit | | |
|------------------------------|-------------------------------------|----------------------|----------------------|
| | Notes Payable | | |
| | Principal | Interest | Total |
| 2025 | \$ 3,360,920 | \$ 3,073,155 | \$ 6,434,075 |
| 2026 | 3,781,669 | 2,975,353 | 6,757,022 |
| 2027 | 5,198,454 | 1,960,855 | 7,159,309 |
| 2028 | 5,425,265 | 1,711,803 | 7,137,068 |
| 2029 | 5,735,811 | 1,466,093 | 7,201,904 |
| 2030 - 2034 | 19,485,340 | 4,056,244 | 23,541,584 |
| 2035 - 2039 | 2,800,000 | 2,366,400 | 5,166,400 |
| 2040 - 2044 | 3,295,000 | 1,705,000 | 5,000,000 |
| 2045 - 2049 | 4,005,000 | 995,000 | 5,000,000 |
| 2050 - 2053 | 3,635,000 | 365,000 | 4,000,000 |
| Totals | \$ 56,722,459 | \$ 20,674,903 | \$ 77,397,362 |

Leases

The PCDC entered into a lease agreement as lessee for the use of office equipment and office space. As of fiscal year-end, the value of the lease liability is \$229,094. The value of the right-to-use asset as of fiscal yearend was \$431,209 with accumulated amortization of \$212,403.

The lease rate, term and ending lease liability are as follows:

| | Interest Rate | Lease Term in Years | Ending Balance |
|--|------------------|------------------------|-------------------|
| Discretely presented component unit | | | |
| Building | 0.2633% | 7 | \$ 225,474 |
| Office equipment | 0.5553% | 5 | 3,620 |
| Total discretely presented component unit | | | \$ 229,094 |

City of Pflugerville, Texas
Notes to the Financial Statements

Principal and interest requirements to maturity for the lease payables at September 30, 2024, are as follows:

| Year Ending September 30, | Discretely Presented Component Unit | | |
|------------------------------|-------------------------------------|---------------|-------------------|
| | Principal | Interest | Total |
| 2025 | \$ 71,657 | \$ 524 | \$ 72,181 |
| 2026 | 71,757 | 328 | 72,085 |
| 2027 | 73,364 | 137 | 73,501 |
| 2028 | 12,316 | 4 | 12,320 |
| Totals | \$ 229,094 | \$ 993 | \$ 230,087 |

Note 4. Other Information

A. Pension Information

Plan Description

The City of Pflugerville participates in one of 936 plans in the nontraditional, joint contributory, hybrid defined benefit pension plans administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

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

| | |
|---|--------------------------|
| Employee deposit rate | 7% |
| Matching ratio (city to employee) | 2 to 1 |
| Years required for vesting | 5 |
| Service retirement eligibility (expressed as age/years of service) | 60/5, 0/20 |
| Updated service credit | 100% Repeating transfers |
| Annuity increase (to retirees) | 70% of CPI |
| Supplemental death benefit to active employees and retirees | Yes |

City of Pflugerville, Texas
Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 164 |
| Inactive employees entitled to but not yet receiving benefits | 331 |
| Active employees | 434 |
| | 929 |
| | 929 |

Contributions

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

Employees for the City of Pflugerville were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Pflugerville were 13.83% and 13.87% for calendar years 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$4,876,851, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.5% per year |
| Salary increases | 3.6% to 11.85% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

City of Pflugerville, Texas
 Notes to the Financial Statements

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023, actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income to satisfy the short-term and long-term funding needs of TMRS.

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

| Asset Class | Target Allocation Percentage | Long-Term Expected Real Rate of Return (Arithmetic) |
|----------------------------------|------------------------------|---|
| Global public equity | 35.0% | 6.70% |
| Core fixed income | 6.0% | 4.70% |
| Non-core fixed income | 20.0% | 8.00% |
| Other public and private markets | 12.0% | 8.00% |
| Real estate | 12.0% | 7.60% |
| Hedge funds | 5.0% | 6.40% |
| Private equity | 10.0% | 11.60% |
| Total | 100% | |

Discount Rate

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

City of Pflugerville, Texas
Notes to the Financial Statements

Changes in Net Pension Liability

| | Increase (Decrease) | | |
|--|-----------------------------------|---------------------------------------|---------------------------------------|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (a) - (b) |
| Balance at December 31, 2022 | \$ 96,297,610 | \$ 77,041,104 | \$ 19,256,506 |
| Changes for the year | | | |
| Service cost | 5,634,958 | - | 5,634,958 |
| Interest | 6,503,698 | - | 6,503,698 |
| Change of benefit terms, including substantively automatic status | (940,084) | - | (940,084) |
| Difference between expected and actual experience | 2,732,240 | - | 2,732,240 |
| Changes of assumptions | (511,317) | - | (511,317) |
| Contributions - employer | - | 4,581,291 | (4,581,291) |
| Contributions - employee | - | 2,312,116 | (2,312,116) |
| Net investment income | - | 8,941,470 | (8,941,470) |
| Benefit payments, including refunds of employee contributions | (3,647,860) | (3,647,860) | - |
| Administrative expense | - | (56,726) | 56,726 |
| Other changes | - | (396) | 396 |
| Net changes | 9,771,635 | 12,129,895 | (2,358,260) |
| Balance at December 31, 2023 | \$ 106,069,245 | \$ 89,170,999 | \$ 16,898,246 |

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

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

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|-----------------------|---|-----------------------|---|
| Net pension liability | \$ 34,721,089 | \$ 16,898,246 | \$ 2,647,567 |

Pension Plan Fiduciary Net Position

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

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2024, the City recognized pension expense of \$4,748,676.

City of Pflugerville, Texas
Notes to the Financial Statements

At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|--------------------------------------|-------------------------------------|
| Differences between expected and actual economic experience | \$ 3,341,415 | \$ 37,590 |
| Changes in actuarial assumptions | 19,416 | 380,545 |
| Difference between projected and actual investment earnings | 1,925,948 | - |
| Contributions subsequent to the measurement date | 3,546,326 | - |
| Totals | \$ 8,833,105 | \$ 418,135 |

\$3,546,326 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the measurement year ending December 31, 2024 (i.e. recognized in the City's financial statements September 30, 2025). Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Measurement Years Ended December 31, | |
|--|---------------------|
| 2024 | \$ 1,931,430 |
| 2025 | 1,609,541 |
| 2026 | 2,075,909 |
| 2027 | (748,236) |
| Totals | \$ 4,868,644 |

B. Other Postemployment Benefits

Plan Description

Texas Municipal Retirement System ("TMRS") administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF"). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

Benefits Provided

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit ("OPEB") and is a fixed amount of \$7,500.

City of Pflugerville, Texas
Notes to the Financial Statements

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 133 |
| Inactive employees entitled to but not yet receiving benefits | 111 |
| Active employees | 434 |
| | 678 |

Contributions

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

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The contribution rates to the SDBF for the City was 0.23% for calendar years 2024 and 2023. The City's contributions to the TMRS SDBF for the year ended September 30, 2023 were \$81,041, which equaled the required contributions.

Total OPEB Liability

The City's Total OPEB Liability (TOL) was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|--|------------------------------------|
| Inflation | 2.5% per year |
| Salary increases | 3.6% to 11.85% including inflation |
| Discount rate | 3.77% |
| Retiree's share of benefit-related costs | \$ 0 |

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 103% for males and 105% for females. For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

City of Pflugerville, Texas

Notes to the Financial Statements

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

The discount rate used to measure the Total OPEB Liability was 3.77% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

| | 1% Decrease in Discount Rate (2.77%) | Discount Rate (3.77%) | 1% Increase in Discount Rate (4.77%) |
|----------------------|---|-----------------------|---|
| Total OPEB liability | \$ 1,135,318 | \$ 912,483 | \$ 746,188 |

Changes in Total OPEB Liability

| | Increase (Decrease) Total OPEB Liability |
|--|--|
| Balance at December 31, 2022 | \$ 794,200 |
| Changes for the year: | |
| Service cost | 56,151 |
| Interest on total OPEB liability | 32,968 |
| Difference between expected and actual experience | (9,274) |
| Changes of assumptions or other inputs | 54,953 |
| Benefit payments | (16,515) |
| Net changes | 118,283 |
| Balance at December 31, 2023 | \$ 912,483 |

City of Pflugerville, Texas
 Notes to the Financial Statements

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$65,788. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 5,698 | \$ 12,061 |
| Changes in actuarial assumptions and other inputs | 158,892 | 338,794 |
| Contributions subsequent to the measurement date | 58,977 | - |
| Totals | \$ 223,567 | \$ 350,855 |

\$58,977 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2025.

The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement Years Ending December 31: | |
|---|---------------------|
| 2024 | \$ (24,458) |
| 2025 | (40,878) |
| 2026 | (82,627) |
| 2027 | (41,211) |
| 2028 | 2,909 |
| Totals | \$ (186,265) |

C. Post-Employment Healthcare Plan

Plan Description

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 5 years of service. Spouses and dependents of retirees are also eligible when the retiree is covered. As of the date of the latest actuarial valuation, the City has 401 active employees and 25 retirees eligible to participate in the plan.

When a regular, full-time employee retires, they are eligible to continue to participate in the City's group health insurance plan. Members who terminate employment prior to retirement are not eligible for retiree health care benefits. Retirees who decide to opt-out of the health care plan are not eligible to opt back in when coverage from another entity ceases. Retirees are eligible for health care until they become Medicare eligible. The retiree pays full Medicare premiums.

City of Pflugerville, Texas
 Notes to the Financial Statements

The City offers life insurance coverage for retirees at a \$10,000 limit at the retiree's expense. The retiree pays 100% of the premium. Life insurance coverage continues when the retiree becomes eligible for Medicare coverage

Actuarial Assumptions

The Total OPEB Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

| | |
|------------------|------------------------------------|
| Inflation | 2.5% per year |
| Salary increases | 3.6% to 11.85% including inflation |
| Discount rate | 3.77% |

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

Mortality rates for healthy retirees were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the City, rates are multiplied by an additional factor of 103% for males and 105% for females. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP-2021 table to account for future mortality improvements.

For calculating the actuarial liability and the retirement contribution rates, the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

It was assumed that 10% of eligible retirees would choose to receive health care benefits through the City. With the exception of employees who become disabled, no retirees were assumed to maintain their health coverage if they were younger than 50 years old at retirement. Additionally, 25% of retirees were assumed to purchase the \$10,000 life insurance coverage at retirement, regardless of their age at retirement.

The discount rate used to measure the Total OPEB Liability was 3.77% and was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.77%) or 1-percentage-point higher (4.77%) than the current rate:

| | 1% Decrease in Discount Rate (2.77%) | Discount Rate (3.77%) | 1% Increase in Discount Rate (4.77%) |
|----------------------|---|-----------------------|---|
| Total OPEB liability | \$ 458,955 | \$ 399,915 | \$ 354,325 |

City of Pflugerville, Texas
 Notes to the Financial Statements

Sensitivity of Total OPEB Liability to the Healthcare Cost Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

| | 1% Decrease | Current Healthcare Cost Assumption | 1% Increase |
|----------------------|-------------|---------------------------------------|-------------|
| Total OPEB liability | \$ 369,099 | \$ 399,915 | \$ 437,433 |

Changes in Total OPEB Liability

| | Increase (Decrease) Total OPEB Liability |
|--|--|
| Balance at December 31, 2022 | \$ 365,290 |
| Changes for the year: | |
| Service cost | 31,445 |
| Interest on total OPEB liability | 15,275 |
| Difference between expected and actual experience | (4,706) |
| Changes of assumptions or other inputs | 293 |
| Benefit payments | (7,682) |
| Net changes | 34,625 |
| Balance at December 31, 2023 | \$ 399,915 |

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

For the year ended September 30, 2024, the City recognized OPEB income of \$40,802. At September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual experience | \$ 4,243 | \$ 441,336 |
| Changes in actuarial assumptions and other inputs | 154,424 | 196,686 |
| Contributions subsequent to the measurement date | 6,808 | - |
| Totals | \$ 165,475 | \$ 638,022 |

\$6,808 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will reduce the Total OPEB liability during the year ending September 30, 2025.

City of Pflugerville, Texas
 Notes to the Financial Statements

The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| Measurement Years Ending December 31: | | |
|---|-----------|-------------------------|
| 2024 | \$ | (87,522) |
| 2025 | | (92,933) |
| 2026 | | (95,628) |
| 2027 | | (84,255) |
| 2028 | | (66,083) |
| Thereafter | | (52,934) |
| Totals | \$ | <u>(479,355)</u> |

D. Risk Management

The City 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. The City's risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool ("Pool") is considered a self-sustaining risk pool that provides coverage for its members. The City's contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool's liability is limited to the coverage that the City elects as stated in the Pool's Declarations of Coverage for that fund year. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

E. Commitments and Contingencies

The City participates in grant programs, which 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 the City has not complied with the rules and regulations governing the grants, refunds of money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, 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.

Encumbrances on construction projects in progress as of September 30, 2024, are as follows:

| City Project | Remaining Commitment |
|-------------------------------------|------------------------------|
| Governmental activities | \$ 54,481,903 |
| Business-type activities | 343,678,085 |
| Discretely presented component unit | <u>426,120</u> |
| Totals | <u>\$ 398,586,108</u> |

City of Pflugerville, Texas

Notes to the Financial Statements

On January 30, 2025, the PCDC issued Sales Tax Revenue Bonds, Taxable Series 2025 in the aggregate principal amount of \$18,275,000. Proceeds will be used for the purpose of: (1) funding the costs of the acquisition of land for primary job training facilities for use by institutions of higher education, regional or national corporate headquarters facilities, and entertainment, tourist, and public park purposes, including related store, restaurant, concession and parking facilities and (2) pay the costs of issuing the Bonds. The bonds will be payable from the levy and collection of sales taxes.

F. Tax Abatements

Governmental Accounting Standards Board Statement No. 77, Tax Abatement Disclosures, requires local governments to disclose information about tax abatement agreements. Tax abatements result from agreements entered by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government's tax revenues. The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. These programs rebate property, sales and hotel occupancy taxes and include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) of the Texas Tax Code. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations, or bringing targeted business to the City. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has two categories of economic development agreements:

General Economic Development

The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements rebate a percentage of property, sales or hotel occupancy taxes received by the City or make lump sum payments for infrastructure reimbursements. For fiscal year 2024, the City rebated \$2,135,171 in taxes.

Tax Increment Reinvestment Zone

In 2010, the City created the Pflugerville Tax Increment Reinvestment Zone (TIRZ) No. 1 under Chapter 311 of the Texas Tax Code to stimulate economic development in designated areas. In November 2018 and again in October 2022, the zone was expanded. Any ad valorem property value created within the TIRZ #1 above the base value of \$265,298,005 (as of September 30, 2024) is dedicated to the TIRZ to pay for projects included in the adopted Project Plan and debt service on such projects. For fiscal year 2024, Pflugerville TIRZ #1 received \$3,228,671 of property tax increment.

City of Pflugerville, Texas
Notes to the Financial Statements

G. Adjustments to and Restatements of Beginning Balances

During fiscal year 2024, an error correction resulted in adjustments to and restatements of beginning fund net position, as follows:

| | Proprietary Funds | |
|--|-----------------------|---------------------|
| | Water/ Wastewater | Solid Waste |
| Beginning net position, as previously reported | \$ 208,687,309 | \$ 1,105,096 |
| Error correction | (999,974) | 999,974 |
| Beginning net position, restated | \$ 207,687,335 | \$ 2,105,070 |

Correction of an Error in Previously Issued Financial Statements

During fiscal year 2024, it was determined that accounts receivable related to the solid waste fund were improperly recorded in the water/wastewater fund. Current assets were understated in the solid waste fund and overstated in the water/ wastewater fund by approximately \$1,000,000 for the fiscal years ended September 30, 2023 and 2022. The effect of correcting that error is shown in the preceding table. There was no effect on the change in net position due to the misstatement for the years ended September 30, 2023 and 2022.

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Required Supplementary Information

City of Pflugerville, Texas

Schedule of Changes in the City's Net Pension Liability
and Related Ratios -
Texas Municipal Retirement System
Last Ten Measurement Years

| | December 31, | | | |
|---|------------------------------|-----------------------------|-----------------------------|-----------------------------|
| | 2023 | 2022 | 2021 | 2020 |
| TOTAL PENSION LIABILITY | | | | |
| Service cost | \$ 5,634,958 | \$ 4,581,647 | \$ 3,897,320 | \$ 3,547,199 |
| Interest | 6,503,698 | 5,947,210 | 5,344,971 | 4,926,775 |
| Change in benefit terms | (940,084) | - | - | - |
| Differences between expected and actual experience | 2,732,240 | 1,392,610 | 2,061,075 | 199,374 |
| Changes of assumptions | (511,317) | - | - | - |
| Benefit payments, including refunds of employee contributions | (3,647,860) | (2,879,682) | (2,567,279) | (2,738,527) |
| | <u>9,771,635</u> | <u>9,041,785</u> | <u>8,736,087</u> | <u>5,934,821</u> |
| Net change in total pension liability | | | | |
| | 9,771,635 | 9,041,785 | 8,736,087 | 5,934,821 |
| Total pension liability - beginning | <u>96,297,610</u> | <u>87,255,825</u> | <u>78,519,738</u> | <u>72,584,917</u> |
| TOTAL PENSION LIABILITY - ENDING (a) | <u><u>\$ 106,069,245</u></u> | <u><u>\$ 96,297,610</u></u> | <u><u>\$ 87,255,825</u></u> | <u><u>\$ 78,519,738</u></u> |
| PLAN FIDUCIARY NET POSITION | | | | |
| Contributions - employer | \$ 4,581,291 | \$ 3,649,525 | \$ 3,053,090 | \$ 2,835,229 |
| Contributions - employee | 2,312,116 | 1,889,896 | 1,608,564 | 1,474,489 |
| Net investment income | 8,941,470 | (5,868,433) | 9,030,201 | 4,776,918 |
| Benefits payments, including refunds of employee contributions | (3,647,860) | (2,879,682) | (2,567,279) | (2,738,527) |
| Administrative expense | (56,726) | (50,685) | (41,715) | (30,866) |
| Other | (396) | 60,482 | 286 | (1,202) |
| | <u>12,129,895</u> | <u>(3,198,897)</u> | <u>11,083,147</u> | <u>6,316,041</u> |
| NET CHANGE IN PLAN FIDUCIARY NET POSITION | | | | |
| | 12,129,895 | (3,198,897) | 11,083,147 | 6,316,041 |
| PLAN FIDUCIARY NET POSITION - BEGINNING | <u>77,041,104</u> | <u>80,240,001</u> | <u>69,156,854</u> | <u>62,840,813</u> |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | <u><u>\$ 89,170,999</u></u> | <u><u>\$ 77,041,104</u></u> | <u><u>\$ 80,240,001</u></u> | <u><u>\$ 69,156,854</u></u> |
| NET PENSION LIABILITY - ENDING (a)-(b) | <u><u>\$ 16,898,246</u></u> | <u><u>\$ 19,256,506</u></u> | <u><u>\$ 7,015,824</u></u> | <u><u>\$ 9,362,884</u></u> |
| PLAN FIDUCIARY NET POSITION AS A PERCENTAGE OF TOTAL PENSION LIABILITY | 84.07% | 80.00% | 91.96% | 88.08% |
| COVERED PAYROLL | \$ 33,030,232 | \$ 26,998,508 | \$ 22,979,479 | \$ 21,064,126 |
| NET PENSION LIABILITY AS A PERCENTAGE OF COVERED PAYROLL | 51.16% | 71.32% | 30.53% | 44.45% |

| December 31, | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2019 | 2018 | 2017 | 2016 | 2015 | 2014 |
| \$ 3,433,765 | \$ 3,417,103 | \$ 3,232,222 | \$ 3,034,235 | \$ 2,748,863 | \$ 2,353,433 |
| 4,578,648 | 4,172,998 | 3,818,322 | 3,440,165 | 3,209,605 | 2,884,857 |
| - | - | - | - | - | - |
| (789,370) | 465,960 | (69,398) | 500,239 | (41,827) | 112,939 |
| 407,721 | - | - | - | 78,820 | - |
| (2,321,569) | (1,787,972) | (1,850,261) | (1,092,359) | (956,134) | (863,241) |
| <u>5,309,195</u> | <u>6,268,089</u> | <u>5,130,885</u> | <u>5,882,280</u> | <u>5,039,327</u> | <u>4,487,988</u> |
| <u>67,275,722</u> | <u>61,007,633</u> | <u>55,876,748</u> | <u>49,994,468</u> | <u>44,955,141</u> | <u>40,467,153</u> |
| <u>\$ 72,584,917</u> | <u>\$ 67,275,722</u> | <u>\$ 61,007,633</u> | <u>\$ 55,876,748</u> | <u>\$ 49,994,468</u> | <u>\$ 44,955,141</u> |
| | | | | | |
| \$ 2,686,156 | \$ 2,722,815 | \$ 2,572,468 | \$ 2,420,286 | \$ 2,222,649 | \$ 1,958,758 |
| 1,410,584 | 1,408,700 | 1,330,915 | 1,242,085 | 1,129,891 | 1,050,675 |
| 8,192,501 | (1,564,337) | 6,108,008 | 2,628,888 | 53,810 | 1,858,571 |
| (2,321,569) | (1,787,972) | (1,850,261) | (1,092,359) | (956,134) | (863,241) |
| (46,229) | (30,204) | (31,636) | (29,674) | (32,771) | (19,398) |
| (1,389) | (1,579) | (1,604) | (1,599) | (1,619) | (1,595) |
| <u>9,920,054</u> | <u>747,423</u> | <u>8,127,890</u> | <u>5,167,627</u> | <u>2,415,826</u> | <u>3,983,770</u> |
| <u>52,920,759</u> | <u>52,173,336</u> | <u>44,045,446</u> | <u>38,877,819</u> | <u>36,461,993</u> | <u>32,478,223</u> |
| <u>\$ 62,840,813</u> | <u>\$ 52,920,759</u> | <u>\$ 52,173,336</u> | <u>\$ 44,045,446</u> | <u>\$ 38,877,819</u> | <u>\$ 36,461,993</u> |
| | | | | | |
| <u>\$ 9,744,104</u> | <u>\$ 14,354,963</u> | <u>\$ 8,834,297</u> | <u>\$ 11,831,302</u> | <u>\$ 11,116,649</u> | <u>\$ 8,493,148</u> |
| | | | | | |
| 86.58% | 78.66% | 85.52% | 78.83% | 77.76% | 81.11% |
| \$ 20,151,206 | \$ 20,124,280 | \$ 19,013,072 | \$ 17,744,066 | \$ 16,141,296 | \$ 15,009,641 |
| | | | | | |
| 48.35% | 71.33% | 46.46% | 66.68% | 68.87% | 56.58% |

City of Pflugerville, Texas

Schedule of the City Contributions -
Texas Municipal Retirement System
Last Ten Fiscal Years

| | September 30, | | | |
|---|---------------|---------------|---------------|---------------|
| | 2024 | 2023 | 2022 | 2021 |
| Actuarially determined contribution | \$ 4,957,891 | \$ 4,320,958 | \$ 3,428,871 | \$ 2,917,315 |
| Contributions in relation to the actuarially determined contribution | (4,957,891) | (4,320,958) | (3,428,871) | (2,917,315) |
| CONTRIBUTIONS DEFICIENCY (EXCESS) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 35,235,094 | \$ 31,363,284 | \$ 25,479,649 | \$ 21,876,456 |
| Contributions as a percentage of covered payroll | 14.07% | 13.78% | 13.46% | 13.34% |

| 2020 | 2019 | 2018 | 2017 | 2016 | 2015 |
|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| \$ 2,698,001 | \$ 2,717,168 | \$ 2,694,972 | \$ 2,527,062 | \$ 2,450,172 | \$ 2,148,928 |
| <u>(2,698,001)</u> | <u>(2,717,168)</u> | <u>(2,694,972)</u> | <u>(2,527,062)</u> | <u>(2,450,172)</u> | <u>(2,148,928)</u> |
| <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 20,091,633 | \$ 20,308,411 | \$ 19,918,489 | \$ 18,641,283 | \$ 17,919,058 | \$ 15,831,530 |
| 13.43% | 13.38% | 13.53% | 13.56% | 13.67% | 13.57% |

City of Pflugerville, Texas

Schedule of Changes in the City's OPEB
 Liability and Related Ratios
 Texas Municipal Retirement System
 Last Seven Measurement Years *

| | 2023 | 2022 | 2021 |
|---|-------------------|-------------------|---------------------|
| Total OPEB liability: | | | |
| Service cost | \$ 56,151 | \$ 91,795 | \$ 75,832 |
| Interest on total OPEB liability | 32,968 | 23,023 | 22,514 |
| Change of benefit terms | - | - | - |
| Effect of economic/demographic gains or losses | (9,274) | 4,138 | (13,853) |
| Change in assumptions or other inputs | 54,953 | (523,353) | 46,692 |
| Benefit payments | (16,515) | (13,499) | (13,788) |
| | 118,283 | (417,896) | 117,397 |
| Net change in total OPEB liability | | | |
| Total OPEB liability - beginning | 794,200 | 1,212,096 | 1,094,699 |
| TOTAL OPEB LIABILITY - ENDING | \$ 912,483 | \$ 794,200 | \$ 1,212,096 |
| Covered payroll | \$ 33,030,232 | \$ 26,998,508 | \$ 22,979,479 |
| OPEB liability as a percentage of covered payroll | 2.76% | 2.94% | 5.27% |

*The amounts presented for the fiscal year were determined as of the plan year end September 30. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this schedule over the next 10-year period, as only one year of data is available.

The Health Care Plan is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

| 2020 | 2019 | 2018 | 2017 |
|---------------------|-------------------|-------------------|-------------------|
| \$ 54,767 | \$ 36,272 | \$ 42,261 | \$ 36,125 |
| 23,296 | 22,831 | 20,578 | 19,233 |
| - | - | - | - |
| 16,542 | 3,304 | (10,435) | - |
| 182,455 | 164,206 | (52,701) | 56,417 |
| (4,213) | (4,030) | (2,012) | (1,901) |
| 272,847 | 222,583 | (2,309) | 109,874 |
| 821,852 | 599,269 | 601,578 | 491,704 |
| <u>\$ 1,094,699</u> | <u>\$ 821,852</u> | <u>\$ 599,269</u> | <u>\$ 601,578</u> |
| \$ 21,064,126 | \$ 20,151,206 | \$ 20,124,280 | \$ 19,013,072 |
| 5.20% | 4.08% | 2.98% | 3.16% |

City of Pflugerville, Texas

Schedule of Changes in the City's OPEB
 Liability and Related Ratios
 Postemployment Healthcare Plan
 Last Seven Measurement Years *

| | <u>2023</u> | <u>2022</u> | <u>2021</u> |
|--|--------------------------|--------------------------|--------------------------|
| Total OPEB liability: | | | |
| Service cost | \$ 31,445 | \$ 97,218 | \$ 59,000 |
| Interest on total OPEB liability | 15,275 | 18,528 | 20,407 |
| Change in benefit terms | - | (256,057) | - |
| Difference between expected and actual experience | (4,706) | (262,016) | (1,677) |
| Changes of assumptions or other inputs | 293 | (182,834) | (88,250) |
| Benefit payments | (7,682) | (15,784) | (28,196) |
| | <hr/> | <hr/> | <hr/> |
| Net change in total OPEB liability | 34,625 | (600,945) | (38,716) |
| | <hr/> | <hr/> | <hr/> |
| Total OPEB liability - beginning | 365,290 | 966,235 | 1,004,951 |
| | <hr/> | <hr/> | <hr/> |
| TOTAL OPEB LIABILITY - ENDING | <u><u>\$ 399,915</u></u> | <u><u>\$ 365,290</u></u> | <u><u>\$ 966,235</u></u> |
| | <hr/> | <hr/> | <hr/> |
| Covered-employee payroll | \$ 33,858,750 | \$ 26,856,003 | \$ 21,407,665 |
| OPEB liability as a percentage of covered-employee payroll | 1.18% | 1.36% | 4.51% |

*The amounts presented for the fiscal year were determined as of the Plan's previous fiscal year end (measurement year) December 31. GASB Statement No. 75 requires 10 fiscal years of data to be provided in this schedule. The employer will be required to build this schedule over the next 10-year period, as only one year of data is available.

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule. There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

| 2020 | 2019 | 2018 | 2017 |
|---------------------|---------------------|---------------------|---------------------|
| \$ 96,732 | \$ 78,706 | \$ 90,328 | \$ 71,319 |
| 46,985 | 52,162 | 47,649 | 47,376 |
| (489,186) | - | - | - |
| (408,907) | (8,699) | (119,367) | 23,017 |
| 112,508 | 195,306 | (18,151) | 88,203 |
| (26,728) | (21,125) | (35,314) | (51,325) |
| (668,596) | 296,350 | (34,855) | 178,590 |
| 1,673,547 | 1,377,197 | 1,412,052 | 1,233,462 |
| <u>\$ 1,004,951</u> | <u>\$ 1,673,547</u> | <u>\$ 1,377,197</u> | <u>\$ 1,412,052</u> |
| \$ 20,714,597 | \$ 19,756,919 | \$ 19,779,773 | \$ 19,013,064 |
| 4.85% | 8.47% | 6.96% | 7.43% |

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Supplementary Information - Combining Statements and Budgetary Schedules

City of Pflugerville, Texas

Combining and Individual Fund Financial Statements and Schedules –
Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds (SRFs) are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City of Pflugerville utilizes multiple SRFs to provide an extra level of transparency and accountability to the taxpayers.

American Rescue Plan Act Fund was established to account for revenues and expenditures associated with the State and Local Fiscal Recovery grant funds.

Community Development Block Grant (CDBG) Fund is financed through the US Department of Housing and Urban Affairs Division. CDBG funds are administered through the federal Housing and Urban Development office and fund infrastructure improvements such as roadway improvements along with funding for youth recreation scholarships and workforce training.

Grant Fund was established to account for receipt and disbursement of various Federal, State and Local government programs and projects.

Hotel Occupancy Tax Fund accounts for the receipt and expenditure of funds received by the City from the assessment of the 7% Hotel Occupancy Tax for stays within the City. Eligible expenses are defined by state law and include convention and information centers, advertising to attract tourists, promotion of the arts, and historical restoration and preservation.

Lakeside Meadows Public Improvement District was created to account for the collection of assessments and payment of expenses and subsequent debt to reimburse the developer for authorized improvements approved in the Financing and Reimbursement agreement.

Martin Tract Public Improvement District was created to account for the collection of assessments and payment of expenses and subsequent debt to reimburse the developer for authorized improvements approved in the Financing and Reimbursement agreement.

Meadowlark Preserve Public Improvement District was created to account for the collection of assessments and payment of expenses and subsequent debt to reimburse the developer for authorized improvements approved in the Financing and Reimbursement agreement.

Municipal Court Special Revenue – Includes the following SRF's:

- Court Efficiency Fund
- Court Security Fund
- Court Technology Fund
- Court Truancy Fund

The **Court Efficiency Fund** is used to account for the receipt of this court fee to finance the cost of enhancements that facilitate efficiency for the Municipal Court.

The **Court Security Fund** is used to account for the receipt of this court fee and expenditure of court costs related to security personnel and security improvements for the Municipal Court.

The **Court Technology Fund** is used to account for the receipt of this court fee and expenditure of the purchase or maintenance of technology enhancements for the Municipal Court.

The **Court Truancy Fund** is used to finance the cost of a Juvenile Case Manager for the Municipal Court.

Parks Fund is used to account for donations specific to maintaining and improving City parks.

City of Pflugerville, Texas

Combining and Individual Fund Financial Statements and Schedules – Nonmajor Governmental Funds

Public Safety Special Revenue – Includes the following SRF's:

- Police Child Safety
- Police National Night Out
- Police Seizure
- Police Training

The **Police Child Safety Fund** is used to account for receipt of the fee and expense of funds specific for providing school crossing guard services and programs designed to enhance child safety.

The **Police National Night Out Fund** is used to account for donations and expense specific to this annual event.

The **Police Seizure Fund** is used to account for properties and revenues seized by the Pflugerville Police Department, Federal and Texas State Law requires the funds only be used for a defined set of law enforcement purposes such as law enforcement training, crime prevention awareness programs, asset accounting and tracking, and witness-related costs. Purchases of police equipment and facilities equipment are also permitted under state law.

The **Police Training Fund** is used to account for receipt of funds received from the Law Enforcement Officer Standards and Education Fund (LEOSE) from the state. LEOSE funds support ongoing law enforcement training for peace officers and telecommunicators.

Public Education & Government – This fund accumulates and accounts for funds received from all companies providing cable services under the State-Issued Certificate of Franchise Authority and the allowable costs associated with the City's operations of its Public Educational Government Access channel.

Tax Incremental Reinvestment Zone #1 —This fund accounts for the zone's receipts and the costs of selected public improvements outlined in the zone's project and financing plan.

City of Pflugerville, Texas
 Combining Balance Sheet
 Nonmajor Governmental Funds
 September 30, 2024

| | American Rescue Plan Act | Community Development Block Grant | Grant | Hotel Occupancy Tax | Lakeside Meadows PID |
|--|---|--|-------------------|------------------------------------|---------------------------------|
| ASSETS | | | | | |
| Cash and Cash Equivalents | \$ 3,503,332 | \$ - | \$ 136,633 | \$ 1,234,395 | \$ - |
| Accounts Receivable | - | 243,331 | - | 131,161 | - |
| Total assets | <u>\$ 3,503,332</u> | <u>\$ 243,331</u> | <u>\$ 136,633</u> | <u>\$ 1,365,556</u> | <u>\$ -</u> |
| LIABILITIES | | | | | |
| Accounts Payable | \$ 154,440 | \$ 193,781 | \$ - | \$ 38,747 | \$ 17,566 |
| Due to Other Funds | 688,060 | 49,550 | - | - | - |
| Unearned revenue | 2,698,539 | - | - | - | - |
| Total liabilities | 3,541,039 | 243,331 | - | 38,747 | 17,566 |
| FUND BALANCES | | | | | |
| Restricted | - | - | 136,633 | 1,326,809 | - |
| Unassigned | (37,707) | - | - | - | (17,566) |
| Total fund balances | <u>(37,707)</u> | <u>-</u> | <u>136,633</u> | <u>1,326,809</u> | <u>(17,566)</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 3,503,332</u> | <u>\$ 243,331</u> | <u>\$ 136,633</u> | <u>\$ 1,365,556</u> | <u>\$ -</u> |

| Martin Tract PID | Meadowlark PID | Municipal Court Efficiency Fee | Municipal Court Security Fee | Municipal Court Technology Fee | Municipal Court Truancy | Parks | Police Child Safety |
|-----------------------------|---------------------------|---|---|---|--|--------------|--------------------------------|
| \$ 40,888 | \$ 11,403 | \$ 18,889 | \$ 169,508 | \$ 19,418 | \$ 446 | \$ 9 | \$ 135,983 |
| - | - | - | - | - | - | - | - |
| <u>\$ 40,888</u> | <u>\$ 11,403</u> | <u>\$ 18,889</u> | <u>\$ 169,508</u> | <u>\$ 19,418</u> | <u>\$ 446</u> | <u>\$ 9</u> | <u>\$ 135,983</u> |
| \$ 1,530 | \$ 3,027 | \$ - | \$ 378 | \$ 60 | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 1,530 | 3,027 | - | 378 | 60 | - | - | - |
| 39,358 | 8,376 | 18,889 | 169,130 | 19,358 | 446 | 9 | 135,983 |
| - | - | - | - | - | - | - | - |
| <u>39,358</u> | <u>8,376</u> | <u>18,889</u> | <u>169,130</u> | <u>19,358</u> | <u>446</u> | <u>9</u> | <u>135,983</u> |
| <u>\$ 40,888</u> | <u>\$ 11,403</u> | <u>\$ 18,889</u> | <u>\$ 169,508</u> | <u>\$ 19,418</u> | <u>\$ 446</u> | <u>\$ 9</u> | <u>\$ 135,983</u> |

City of Pflugerville, Texas
 Combining Balance Sheet - Continued
 Nonmajor Governmental Funds
 September 30, 2024

| | Police National Night Out | Police Seizure | Police Training | Public Education & Government | Tax Incremental Reinvestment Zone 1 | Total Nonmajor Governmental Funds |
|--|--|---------------------------|----------------------------|--|--|--|
| ASSETS | | | | | | |
| Cash and Cash Equivalents | \$ 7,451 | \$ 83,172 | \$ 23,308 | \$ 128,690 | \$ 5,348,125 | \$ 10,861,650 |
| Accounts Receivable | - | - | - | 12,892 | - | 387,384 |
| Total assets | <u>\$ 7,451</u> | <u>\$ 83,172</u> | <u>\$ 23,308</u> | <u>\$ 141,582</u> | <u>\$ 5,348,125</u> | <u>\$ 11,249,034</u> |
| LIABILITIES | | | | | | |
| Liabilities: | | | | | | |
| Accounts Payable | \$ - | \$ - | \$ - | \$ 8,481 | \$ 16,566 | \$ 434,576 |
| Due to Other Funds | - | - | - | - | - | 737,610 |
| Unearned revenue | - | - | - | - | - | 2,698,539 |
| Total liabilities | - | - | - | 8,481 | 16,566 | 3,870,725 |
| FUND BALANCES | | | | | | |
| Restricted | 7,451 | 83,172 | 23,308 | 133,101 | 5,331,559 | 7,433,582 |
| Unassigned | - | - | - | - | - | (55,273) |
| Total fund balances | <u>7,451</u> | <u>83,172</u> | <u>23,308</u> | <u>133,101</u> | <u>5,331,559</u> | <u>7,378,309</u> |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | <u>\$ 7,451</u> | <u>\$ 83,172</u> | <u>\$ 23,308</u> | <u>\$ 141,582</u> | <u>\$ 5,348,125</u> | <u>\$ 11,249,034</u> |

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City of Pflugerville, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Nonmajor Governmental Funds
 For the Fiscal Year September 30, 2024

| | American Rescue Plan Act | Community Development Block Grant | Grant | Hotel Occupancy Tax | Lakeside Meadows PID |
|--|---|--|-------------------|------------------------------------|---------------------------------|
| REVENUES | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ - |
| Hotel occupancy taxes | - | - | - | 1,220,011 | - |
| Fines and forfeitures | - | - | - | - | - |
| Intergovernmental | 1,970,871 | 383,748 | 38,386 | - | - |
| Investment earnings | 169,455 | 1,090 | 4,247 | 51,954 | - |
| Miscellaneous | - | - | - | - | - |
| Total revenues | 2,140,326 | 384,838 | 42,633 | 1,271,965 | - |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 923,511 | 45,470 | - | 926,427 | 17,486 |
| Public safety | - | - | - | - | - |
| Culture and recreation | - | - | 6,733 | - | - |
| Capital Outlay | 1,047,360 | 227,696 | - | - | - |
| Total expenditures | 1,970,871 | 273,166 | 6,733 | 926,427 | 17,486 |
| Excess (deficiency) of revenues over (under) expenditures | 169,455 | 111,672 | 35,900 | 345,538 | (17,486) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | - | (1,223) | - | (4,080) | - |
| Total other financing sources (uses) | - | (1,223) | - | (4,080) | - |
| Net change in fund balances | 169,455 | 110,449 | 35,900 | 341,458 | (17,486) |
| Fund balances, beginning of year | (207,162) | (110,449) | 100,733 | 985,351 | (80) |
| FUND BALANCES, END OF YEAR | \$ (37,707) | \$ - | \$ 136,633 | \$ 1,326,809 | \$ (17,566) |

| Martin Tract PID | Meadowlark PID | Municipal Court Efficiency Fee | Municipal Court Security Fee | Municipal Court Technology Fee | Municipal Court Truancy | Parks | Police Child Safety |
|-----------------------------|---------------------------|---|---|---|--|--------------|--------------------------------|
| \$ 323,347 | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| - | - | - | - | - | - | - | - |
| - | - | 8,386 | 15,838 | 13,157 | - | - | 65,434 |
| - | - | - | - | - | - | - | - |
| 21,399 | 484 | 652 | 7,056 | 636 | 1,804 | 9 | 4,915 |
| - | - | - | - | - | 15,709 | - | - |
| 344,746 | 484 | 9,038 | 22,894 | 13,793 | 17,513 | 9 | 70,349 |
| 331,169 | 3,092 | - | 10,300 | - | 48,203 | - | - |
| - | - | - | - | - | - | - | 6,232 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | 796 | - | - | - |
| 331,169 | 3,092 | - | 10,300 | 796 | 48,203 | - | 6,232 |
| 13,577 | (2,608) | 9,038 | 12,594 | 12,997 | (30,690) | 9 | 64,117 |
| - | - | - | - | - | - | - | - |
| - | - | - | - | - | - | - | - |
| 13,577 | (2,608) | 9,038 | 12,594 | 12,997 | (30,690) | 9 | 64,117 |
| 25,781 | 10,984 | 9,851 | 156,536 | 6,361 | 31,136 | - | 71,866 |
| \$ 39,358 | \$ 8,376 | \$ 18,889 | \$ 169,130 | \$ 19,358 | \$ 446 | \$ 9 | \$ 135,983 |

City of Pflugerville, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances - Nonmajor Governmental Funds - Continued
 For the Fiscal Year September 30, 2024

| | Police National Night Out | Police Seizure | Police Training | Public Education & Government | Tax Incremental Reinvestment Zone 1 | Total Nonmajor Governmental Funds |
|--|---------------------------------|-------------------|--------------------|-------------------------------------|--|--|
| REVENUES | | | | | | |
| Property taxes | \$ - | \$ - | \$ - | \$ - | \$ 3,228,671 | \$ 3,552,018 |
| Hotel occupancy taxes | - | - | - | - | - | 1,220,011 |
| Fines and forfeitures | - | 86,614 | - | - | - | 189,429 |
| Intergovernmental | - | - | 14,128 | - | - | 2,407,133 |
| Investment earnings | 315 | 3,039 | 935 | 5,760 | 349,393 | 623,143 |
| Miscellaneous | - | - | - | 53,501 | - | 69,210 |
| Total revenues | 315 | 89,653 | 15,063 | 59,261 | 3,578,064 | 8,060,944 |
| EXPENDITURES | | | | | | |
| Current: | | | | | | |
| General government | - | - | - | - | 645,570 | 2,951,228 |
| Public safety | - | 76,781 | 4,389 | - | - | 87,402 |
| Culture and recreation | - | - | - | - | - | 6,733 |
| Capital Outlay | - | - | - | 53,062 | - | 1,328,914 |
| Total expenditures | - | 76,781 | 4,389 | 53,062 | 645,570 | 4,374,277 |
| Excess (deficiency) of revenues over (under) expenditures | 315 | 12,872 | 10,674 | 6,199 | 2,932,494 | 3,686,667 |
| OTHER FINANCING SOURCES (USES) | | | | | | |
| Transfers out | - | - | - | - | (1,795,029) | (1,800,332) |
| Total other financing sources (uses) | - | - | - | - | (1,795,029) | (1,800,332) |
| Net change in fund balances | 315 | 12,872 | 10,674 | 6,199 | 1,137,465 | 1,886,335 |
| Fund balances, beginning of year | 7,136 | 70,300 | 12,634 | 126,902 | 4,194,094 | 5,491,974 |
| FUND BALANCES, END OF YEAR | \$ 7,451 | \$ 83,172 | \$ 23,308 | \$ 133,101 | \$ 5,331,559 | \$ 7,378,309 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Debt Service
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|--|----------------------------|----------------------------|-----------------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Property taxes | \$ 30,077,369 | \$ 30,077,369 | \$ 30,550,878 | \$ 473,509 |
| Intergovernmental | 4,647,473 | 4,647,473 | 4,617,773 | (29,700) |
| Investment earnings | 250,000 | 250,000 | 1,030,390 | 780,390 |
| Total revenues | <u>34,974,842</u> | <u>34,974,842</u> | <u>36,199,041</u> | <u>1,224,199</u> |
| EXPENDITURES | | | | |
| Debt service: | | | | |
| Principal | 10,087,292 | 10,087,292 | 10,087,292 | - |
| Interest and other charges | 25,203,553 | 25,203,553 | 25,196,528 | 7,025 |
| Total expenditures | <u>35,290,845</u> | <u>35,290,845</u> | <u>35,283,820</u> | <u>7,025</u> |
| Excess (deficiency) of revenues over expenditures | <u>(316,003)</u> | <u>(316,003)</u> | <u>915,221</u> | <u>1,217,174</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | <u>1,795,029</u> | <u>1,795,029</u> | <u>1,795,029</u> | <u>-</u> |
| Total other financing sources (uses) | <u>1,795,029</u> | <u>1,795,029</u> | <u>1,795,029</u> | <u>-</u> |
| Net change in fund balance | 1,479,026 | 1,479,026 | 2,710,250 | 1,217,174 |
| Fund balance, beginning of year | <u>7,799,022</u> | <u>7,799,022</u> | <u>7,799,022</u> | <u>-</u> |
| FUND BALANCE, END OF YEAR | <u><u>\$ 9,278,048</u></u> | <u><u>\$ 9,278,048</u></u> | <u><u>\$ 10,509,272</u></u> | <u><u>\$ 1,217,174</u></u> |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Capital Projects
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance |
|--|-----------------------|-----------------------|-----------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 5,572,483 | \$ 5,572,483 |
| Investment earnings | 1,000,000 | 1,000,000 | 24,898,383 | 23,898,383 |
| Miscellaneous | - | - | 100,155 | 100,155 |
| Total revenues | 1,000,000 | 1,000,000 | 30,571,021 | 29,571,021 |
| EXPENDITURES | | | | |
| Capital Outlay | 89,474,358 | 139,369,242 | 47,501,285 | 91,867,957 |
| Total expenditures | 89,474,358 | 139,369,242 | 47,501,285 | 91,867,957 |
| Excess (deficiency) of revenues over expenditures | (88,474,358) | (138,369,242) | (16,930,264) | 121,438,978 |
| Fund balance, beginning of year | 468,845,296 | 468,845,296 | 468,845,296 | - |
| FUND BALANCE, END OF YEAR | \$ 380,370,938 | \$ 330,476,054 | \$ 451,915,032 | \$ 121,438,978 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 American Rescue Plan Act
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Positive (Negative) |
|----------------------------------|---------------------|-----------------------|--------------------|--------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ - | \$ - | \$ 1,970,871 | \$ 1,970,871 |
| Investment earnings | - | - | 169,455 | 169,455 |
| Total revenues | - | - | 2,140,326 | 2,140,326 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | 1,872,622 | 923,511 | 949,111 |
| Capital outlay | 300,000 | 3,387,366 | 1,047,360 | 2,340,006 |
| Total expenditures | 300,000 | 5,259,988 | 1,970,871 | 3,289,117 |
| Net change in fund balance | (300,000) | (5,259,988) | 169,455 | 5,429,443 |
| Fund balance, beginning of year | (207,162) | (207,162) | (207,162) | - |
| FUND BALANCE, END OF YEAR | \$ (507,162) | \$ (5,467,150) | \$ (37,707) | \$ 5,429,443 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Hotel Occupancy Tax
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance |
|--|---------------------|---------------------|---------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Hotel occupancy taxes | \$ - | \$ 1,220,000 | \$ 1,220,011 | \$ 11 |
| Investment earnings | - | - | 51,954 | 51,954 |
| Miscellaneous | 1,220,000 | - | - | - |
| Total revenues | 1,220,000 | 1,220,000 | 1,271,965 | 51,965 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 1,014,000 | 1,014,000 | 926,427 | 87,573 |
| Total expenditures | 1,014,000 | 1,014,000 | 926,427 | 87,573 |
| Excess (deficiency) of revenues over expenditures | 206,000 | 206,000 | 345,538 | 139,538 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (4,080) | (4,080) |
| Total other financing sources (uses) | - | - | (4,080) | (4,080) |
| Net change in fund balance | 206,000 | 206,000 | 341,458 | 135,458 |
| Fund balance, beginning of year | 985,351 | 985,351 | 985,351 | - |
| FUND BALANCE, END OF YEAR | \$ 1,191,351 | \$ 1,191,351 | \$ 1,326,809 | \$ 135,458 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Municipal Court Efficiency
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-----------------|-----------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 5,000 | \$ 5,000 | \$ 8,386 | \$ 3,386 |
| Investment earnings | - | - | 652 | 652 |
| Total revenues | 5,000 | 5,000 | 9,038 | 4,038 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,000 | 8,000 | - | 8,000 |
| Total expenditures | 8,000 | 8,000 | - | 8,000 |
| Net change in fund balance | (3,000) | (3,000) | 9,038 | 12,038 |
| Fund balance, beginning of year | 9,851 | 9,851 | 9,851 | - |
| FUND BALANCE, END OF YEAR | \$ 6,851 | \$ 6,851 | \$ 18,889 | \$ 12,038 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Municipal Court Security
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 12,600 | \$ 12,600 | \$ 15,838 | \$ 3,238 |
| Investment earnings | - | - | 7,056 | 7,056 |
| Total revenues | 12,600 | 12,600 | 22,894 | 10,294 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 26,240 | 26,240 | 10,300 | 15,940 |
| Total expenditures | 26,240 | 26,240 | 10,300 | 15,940 |
| Net change in fund balance | (13,640) | (13,640) | 12,594 | 26,234 |
| Fund balance, beginning of year | 156,536 | 156,536 | 156,536 | - |
| FUND BALANCE, END OF YEAR | \$ 142,896 | \$ 142,896 | \$ 169,130 | \$ 26,234 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Municipal Court Technology
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-----------------|-----------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 12,600 | \$ 12,600 | \$ 13,157 | \$ 557 |
| Investment earnings | - | - | 636 | 636 |
| Total revenues | 12,600 | 12,600 | 13,793 | 1,193 |
| EXPENDITURES | | | | |
| Capital outlay | 14,842 | 14,842 | 796 | 14,046 |
| Total expenditures | 14,842 | 14,842 | 796 | 14,046 |
| Net change in fund balance | (2,242) | (2,242) | 12,997 | 15,239 |
| Fund balance, beginning of year | 6,361 | 6,361 | 6,361 | - |
| FUND BALANCE, END OF YEAR | \$ 4,119 | \$ 4,119 | \$ 19,358 | \$ 15,239 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Police Child Safety
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|--|------------------|------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | 80,000 | 80,000 | 65,434 | (14,566) |
| Investment earnings | - | - | 4,915 | 4,915 |
| Total revenues | 80,000 | 80,000 | 70,349 | (9,651) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | - | - | 6,232 | (6,232) |
| Total expenditures | - | - | 6,232 | (6,232) |
| Excess (deficiency) of revenues over expenditures | 80,000 | 80,000 | 64,117 | (15,883) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (107,000) | (107,000) | - | 107,000 |
| Total other financing sources (uses) | (107,000) | (107,000) | - | 107,000 |
| Net change in fund balance | (27,000) | (27,000) | 64,117 | 91,117 |
| Fund balance, beginning of year | 71,866 | 71,866 | 71,866 | - |
| FUND BALANCE, END OF YEAR | \$ 44,866 | \$ 44,866 | \$ 135,983 | \$ 91,117 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Police National Night Out
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-----------------|-----------------|-----------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 315 | \$ 315 |
| Miscellaneous | 1,000 | 1,000 | - | (1,000) |
| Total revenues | 1,000 | 1,000 | 315 | (685) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 1,000 | 1,000 | - | 1,000 |
| Total expenditures | 1,000 | 1,000 | - | 1,000 |
| Net change in fund balance | - | - | 315 | 315 |
| Fund balance, beginning of year | 7,136 | 7,136 | 7,136 | - |
| FUND BALANCE, END OF YEAR | \$ 7,136 | \$ 7,136 | \$ 7,451 | \$ 315 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Police Seizure
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 56,000 | \$ 56,000 | \$ 86,614 | \$ 30,614 |
| Investment earnings | - | - | 3,039 | 3,039 |
| Miscellaneous | 5,000 | 5,000 | - | (5,000) |
| Total revenues | 61,000 | 61,000 | 89,653 | 28,653 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | 61,000 | 61,000 | 76,781 | (15,781) |
| Total expenditures | 61,000 | 61,000 | 76,781 | (15,781) |
| Net change in fund balance | - | - | 12,872 | 12,872 |
| Fund balance, beginning of year | 70,300 | 70,300 | 70,300 | - |
| FUND BALANCE, END OF YEAR | \$ 70,300 | \$ 70,300 | \$ 83,172 | \$ 12,872 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Police Training
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|------------------|------------------|------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 5,912 | \$ 5,200 | \$ 14,128 | \$ 8,928 |
| Investment earnings | - | - | 935 | 935 |
| Total revenues | 5,912 | 5,200 | 15,063 | 9,863 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public safety | (7,402) | 4,500 | 4,389 | 111 |
| Total expenditures | (7,402) | 4,500 | 4,389 | 111 |
| Net change in fund balance | 13,314 | 700 | 10,674 | 9,974 |
| Fund balance, beginning of year | 12,634 | 12,634 | 12,634 | - |
| FUND BALANCE, END OF YEAR | \$ 25,948 | \$ 13,334 | \$ 23,308 | \$ 9,974 |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
Public, Educational, and Governmental
For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|-------------------|-------------------|-------------------|---|
| | Original | Final | | |
| REVENUES | | | | |
| Investment earnings | \$ - | \$ - | \$ 5,760 | \$ 5,760 |
| Miscellaneous | 40,000 | 40,000 | 53,501 | 13,501 |
| Total revenues | 40,000 | 40,000 | 59,261 | 19,261 |
| EXPENDITURES | | | | |
| Capital outlay | 33,800 | 33,800 | 53,062 | (19,262) |
| Total expenditures | 33,800 | 33,800 | 53,062 | (19,262) |
| Net change in fund balance | 6,200 | 6,200 | 6,199 | (1) |
| Fund balance, beginning of year | 126,902 | 126,902 | 126,902 | - |
| FUND BALANCE, END OF YEAR | \$ 133,102 | \$ 133,102 | \$ 133,101 | \$ (1) |

City of Pflugerville, Texas

Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 Tax Incremental Reinvestment Zone #1
 For the Fiscal Year Ended September 30, 2024

| | Budget | | Actual | Variance |
|--|---------------------|---------------------|---------------------|--------------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Property taxes | \$ 3,213,346 | \$ 3,213,346 | \$ 3,228,671 | \$ 15,325 |
| Investment earnings | 210,000 | 210,000 | 349,393 | 139,393 |
| Total revenues | 3,423,346 | 3,423,346 | 3,578,064 | 154,718 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 2,272,646 | 2,272,646 | 645,570 | 1,627,076 |
| Total expenditures | 2,272,646 | 2,272,646 | 645,570 | 1,627,076 |
| Excess (deficiency) of revenues over expenditures | 1,150,700 | 1,150,700 | 2,932,494 | 1,781,794 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | - | (1,795,029) | (1,795,029) |
| Total other financing sources (uses) | - | - | (1,795,029) | (1,795,029) |
| Net change in fund balance | 1,150,700 | 1,150,700 | 1,137,465 | (13,235) |
| Fund balance, beginning of year | 4,194,094 | 4,194,094 | 4,194,094 | - |
| FUND BALANCE, END OF YEAR | \$ 5,344,794 | \$ 5,344,794 | \$ 5,331,559 | \$ (13,235) |

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Statistical Section

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Statistical Section
(Unaudited)

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

| | <u>Page</u> |
|--|--------------------|
| Financial Trends – Schedules 1-4 | 106 |
| These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time. | |
| Revenue Capacity – Schedules 5-12 | 116 |
| These schedules contain information to help the reader assess the City's most significant local revenue sources: sales and property taxes. | |
| Debt Capacity – Schedules 13-17 | 124 |
| These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future. | |
| Demographic and Economic Information – Schedules 18-21 | 129 |
| These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place. | |
| Operating Information – Schedules 22-23 | 133 |
| These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs. | |

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

City of Pflugerville Texas
 Net Position by Component
 Last Ten Fiscal Years
(Amounts in 000's – Accrual Basis of Accounting)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 121,114 | \$ 110,465 | \$ 108,984 | \$ 112,265 |
| Restricted | 2,804 | 3,395 | 3,851 | 3,798 |
| Unrestricted | 9,276 | 11,441 | 20,658 | 8,476 |
| TOTAL GOVERNMENTAL ACTIVITIES NET POSITION | <u>\$ 133,194</u> | <u>\$ 125,301</u> | <u>\$ 133,493</u> | <u>\$ 124,539</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 81,232 | \$ 87,523 | \$ 93,657 | \$ 102,634 |
| Restricted | 11,281 | 11,976 | 11,418 | 12,608 |
| Unrestricted | 14,689 | 15,857 | 17,056 | 18,468 |
| TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION | <u>\$ 107,202</u> | <u>\$ 115,356</u> | <u>\$ 122,131</u> | <u>\$ 133,710</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 202,346 | \$ 197,988 | \$ 202,641 | \$ 214,899 |
| Restricted | 14,085 | 15,371 | 15,269 | 16,406 |
| Unrestricted | 23,965 | 27,298 | 37,714 | 26,944 |
| TOTAL PRIMARY GOVERNMENT NET POSITION | <u>\$ 240,396</u> | <u>\$ 240,657</u> | <u>\$ 255,624</u> | <u>\$ 258,249</u> |

Source: City Annual Comprehensive Financial Report

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 115,322 | \$ 118,439 | \$ 109,360 | \$ 104,410 | \$ 90,864 | \$ 158,950 |
| 4,291 | 5,601 | 7,075 | 7,976 | 9,940 | 14,263 |
| 10,077 | 16,319 | 19,303 | 46,908 | 77,835 | 41,649 |
| <u>\$ 129,690</u> | <u>\$ 140,359</u> | <u>\$ 135,738</u> | <u>\$ 159,294</u> | <u>\$ 178,639</u> | <u>\$ 214,862</u> |
| \$ 107,131 | \$ 120,254 | \$ 138,736 | \$ 119,753 | \$ 182,181 | \$ 217,708 |
| 15,195 | 19,892 | 23,526 | 31,094 | 8,657 | 4,706 |
| 21,832 | 13,171 | 9,625 | 34,421 | 18,955 | 12,453 |
| <u>\$ 144,158</u> | <u>\$ 153,317</u> | <u>\$ 171,887</u> | <u>\$ 185,268</u> | <u>\$ 209,793</u> | <u>\$ 234,867</u> |
| \$ 222,453 | \$ 238,693 | \$ 248,096 | \$ 224,163 | \$ 273,045 | \$ 376,658 |
| 19,486 | 25,493 | 30,601 | 39,070 | 18,597 | 18,969 |
| 31,909 | 29,490 | 28,928 | 81,329 | 96,790 | 54,102 |
| <u>\$ 273,848</u> | <u>\$ 293,676</u> | <u>\$ 307,625</u> | <u>\$ 344,562</u> | <u>\$ 388,432</u> | <u>\$ 449,729</u> |

City of Pflugerville Texas
 Changes in Net Position
 Last Ten Fiscal Years
 (Amounts in 000's – Accrual Basis of Accounting)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|-------------|-------------|-------------|-------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 6,783 | \$ 7,428 | \$ 10,444 | \$ 11,346 |
| Public safety | 13,018 | 15,012 | 17,271 | 17,797 |
| Public works and streets | 15,976 | 22,546 | 18,471 | 22,058 |
| Culture/recreation | 4,475 | 4,933 | 5,312 | 5,742 |
| Interest on long-term debt | 3,846 | 4,702 | 5,379 | 6,048 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total governmental activities expenses | 44,098 | 54,621 | 56,877 | 62,991 |
| Business-type activities: | | | | |
| Water and wastewater | 19,249 | 21,440 | 21,981 | 23,765 |
| Solid waste | 4,125 | 4,360 | 4,636 | 4,861 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total business-type activities expenses | 23,374 | 25,800 | 26,617 | 28,626 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenses | 67,472 | 80,421 | 83,494 | 91,617 |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| General government | 1,435 | 1,582 | 1,960 | 2,190 |
| Public safety | 3,287 | 3,693 | 3,638 | 3,248 |
| Public works and streets | - | - | - | - |
| Culture and recreation | 698 | 741 | 749 | 748 |
| Operating grants and contributions | 210 | 376 | 493 | 492 |
| Capital grants and contributions | 12,499 | 5,949 | 9,466 | 14,804 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total governmental activities program revenues | 18,129 | 12,341 | 16,306 | 21,482 |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and wastewater | 19,457 | 21,042 | 21,811 | 24,953 |
| Solid waste | 4,112 | 4,387 | 4,631 | 4,884 |
| Operating grants and contributions | - | - | - | - |
| Capital grants and contributions | 8,819 | 9,113 | 7,405 | 10,328 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total business-type activities program revenues | 32,388 | 34,542 | 33,847 | 40,165 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total program revenues | 50,517 | 46,883 | 50,153 | 61,647 |
| NET (EXPENSE)/REVENUE | | | | |
| Governmental activities | (25,969) | (42,280) | (40,571) | (41,509) |
| Business-type activities | 9,014 | 8,742 | 7,230 | 11,539 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total net expense | \$ (16,955) | \$ (33,538) | \$ (33,341) | \$ (29,970) |

| | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--|-------------|-------------|-------------|-------------|-------------|-------------|
| | \$ 10,334 | \$ 10,380 | \$ 15,075 | \$ 21,546 | \$ 27,277 | \$ 25,692 |
| | 18,250 | 16,333 | 16,867 | 16,448 | 20,125 | 22,095 |
| | 20,644 | 24,141 | 25,359 | 22,610 | 24,257 | 23,239 |
| | 6,602 | 6,340 | 6,867 | 8,534 | 12,958 | 11,811 |
| | 6,038 | 6,154 | 6,955 | 8,245 | 14,273 | 30,854 |
| | 61,868 | 63,348 | 71,123 | 77,383 | 98,890 | 113,691 |
| | 27,360 | 29,868 | 30,104 | 38,481 | 38,123 | 42,546 |
| | 5,094 | 5,798 | 6,432 | 7,012 | 8,602 | 5,542 |
| | 32,454 | 35,666 | 36,536 | 45,493 | 46,725 | 48,088 |
| | 94,322 | 99,014 | 107,659 | 122,876 | 145,615 | 161,779 |
| | 2,106 | 4,026 | 4,296 | 3,728 | 4,008 | 2,389 |
| | 2,721 | 545 | 779 | 905 | 1,165 | 337 |
| | - | - | - | - | - | 2,159 |
| | 722 | 184 | 297 | 645 | 923 | 790 |
| | 644 | 4,257 | 3,681 | 3,438 | 1,501 | 8,818 |
| | 14,631 | 14,357 | 893 | 12,417 | 18,546 | 14,171 |
| | 20,824 | 23,369 | 9,946 | 21,133 | 26,143 | 28,664 |
| | 26,394 | 29,214 | 35,404 | 40,348 | 43,293 | 52,049 |
| | 5,139 | 6,047 | 6,691 | 7,252 | 7,681 | 5,849 |
| | - | - | - | - | 556 | - |
| | 10,550 | 9,785 | 13,631 | 12,834 | 13,752 | 10,294 |
| | 42,083 | 45,046 | 55,726 | 60,434 | 65,282 | 68,192 |
| | 62,907 | 68,415 | 65,672 | 81,567 | 91,425 | 96,856 |
| | (41,044) | (39,979) | (61,177) | (56,250) | (72,747) | (85,027) |
| | 9,629 | 9,380 | 19,190 | 14,941 | 18,557 | 20,104 |
| | \$ (31,415) | \$ (30,599) | \$ (41,987) | \$ (41,309) | \$ (54,190) | \$ (64,923) |

City of Pflugerville Texas
 Changes in Net Position – Continued
 Last Ten Fiscal Years
 (Amounts in 000's – Accrual Basis of Accounting)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---|------------------|---------------|-----------------|------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Property taxes | \$ 18,411 | \$ 21,024 | \$ 23,695 | \$ 26,731 |
| Sales tax | 6,736 | 7,550 | 8,319 | 8,988 |
| Franchise and other taxes | 3,493 | 3,561 | 3,728 | 3,929 |
| Mixed beverage taxes | 76 | 87 | 81 | 99 |
| Hotel occupancy taxes | 1 | 20 | 150 | 340 |
| Investment earnings | 79 | 270 | 562 | 1,130 |
| Other income | 1,057 | 1,019 | 271 | 953 |
| Gain on sale of capital assets | - | - | 47 | - |
| Transfers | 315 | 857 | 844 | 797 |
| | <u>30,168</u> | <u>34,388</u> | <u>37,697</u> | <u>42,967</u> |
| Total governmental activities | | | | |
| Business-type activities: | | | | |
| Investment earnings | 55 | 159 | 334 | 878 |
| Other income | 135 | 109 | 51 | 52 |
| Gain on sale of capital assets | 61 | - | 3 | 7 |
| Transfers | (315) | (857) | (844) | (797) |
| | <u>(64)</u> | <u>(589)</u> | <u>(456)</u> | <u>140</u> |
| Total business-type activities | | | | |
| Total primary government | | | | |
| | <u>30,104</u> | <u>33,799</u> | <u>37,241</u> | <u>43,107</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | 4,199 | (7,892) | (2,874) | 1,458 |
| Business-type activities | 8,950 | 8,153 | 6,774 | 11,679 |
| | <u>13,149</u> | <u>261</u> | <u>3,900</u> | <u>13,137</u> |
| TOTAL CHANGE IN NET POSITION | | | | |
| | <u>\$ 13,149</u> | <u>\$ 261</u> | <u>\$ 3,900</u> | <u>\$ 13,137</u> |

Source: City Annual Comprehensive Financial Report

| 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|-----------|-----------|-----------|-----------|-----------|-----------|
| \$ 27,979 | \$ 30,820 | \$ 32,644 | \$ 36,576 | \$ 48,139 | \$ 60,414 |
| 10,702 | 12,641 | 16,096 | 18,076 | 18,611 | 18,924 |
| 4,072 | 4,231 | 4,778 | 5,395 | 5,776 | 6,169 |
| 114 | 113 | 111 | 149 | 176 | 187 |
| 374 | 235 | 394 | 990 | 994 | 1,220 |
| 1,455 | 648 | 75 | 1,051 | 12,151 | 28,803 |
| 721 | 919 | 1,705 | 2,042 | 136 | 1,676 |
| - | - | - | - | 2,554 | 59 |
| 778 | 1,040 | 750 | 2,415 | 3,007 | 3,799 |
| 46,195 | 50,647 | 56,553 | 66,694 | 91,544 | 121,251 |
| 1,518 | 727 | 70 | 503 | 5,854 | 8,161 |
| 78 | 92 | 61 | 350 | (1,464) | 576 |
| - | - | - | - | 529 | 32 |
| (778) | (1,040) | (750) | (2,415) | (3,007) | (3,799) |
| 818 | (221) | (619) | (1,562) | 1,912 | 4,970 |
| 47,013 | 50,426 | 55,934 | 65,132 | 93,456 | 126,221 |
| 5,151 | 10,668 | (4,624) | 10,444 | 18,797 | 36,224 |
| 10,447 | 9,159 | 18,571 | 13,379 | 20,469 | 25,074 |
| \$ 15,598 | \$ 19,827 | \$ 13,947 | \$ 23,823 | \$ 39,266 | \$ 61,298 |

City of Pflugerville Texas

Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Amounts in 000's – Modified Accrual Basis of Accounting)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|-------------------------------------|------------------|------------------|------------------|------------------|
| GENERAL FUND | | | | |
| | \$ - | \$ - | \$ - | \$ - |
| Committed | 2,906 | 3,947 | 2,288 | 18 |
| Assigned | - | - | - | 2,294 |
| Unassigned | 12,222 | 13,793 | 15,939 | 14,522 |
| | <u>15,128</u> | <u>17,740</u> | <u>18,227</u> | <u>16,834</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Restricted | 24,152 | 49,571 | 28,613 | 28,393 |
| Committed | 78 | 105 | 64 | 83 |
| Assigned | 5 | 5 | 5 | 5 |
| Unassigned | - | - | - | - |
| | <u>24,235</u> | <u>49,681</u> | <u>28,682</u> | <u>28,481</u> |
| Total all other governmental funds | <u>24,235</u> | <u>49,681</u> | <u>28,682</u> | <u>28,481</u> |
| TOTAL GOVERNMENTAL FUNDS | <u>\$ 39,363</u> | <u>\$ 67,421</u> | <u>\$ 46,909</u> | <u>\$ 45,315</u> |

Schedule 3

| <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|------------------|------------------|-------------------|-------------------|-------------------|-------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 399 |
| 104 | - | - | - | - | - |
| 1,500 | 1,946 | 6,164 | 605 | 4,057 | 4,082 |
| <u>18,056</u> | <u>21,193</u> | <u>23,160</u> | <u>29,165</u> | <u>20,424</u> | <u>21,027</u> |
| 19,660 | 23,139 | 29,324 | 29,770 | 24,481 | 25,508 |
| 29,381 | 25,814 | 85,007 | 140,396 | 482,136 | 469,858 |
| 78 | 74 | - | - | - | - |
| 5 | - | 5 | - | - | - |
| <u>-</u> | <u>(57)</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>(55)</u> |
| <u>29,464</u> | <u>25,831</u> | <u>85,012</u> | <u>140,396</u> | <u>482,136</u> | <u>469,803</u> |
| <u>\$ 49,124</u> | <u>\$ 48,970</u> | <u>\$ 114,336</u> | <u>\$ 170,166</u> | <u>\$ 506,617</u> | <u>\$ 495,311</u> |

City of Pflugerville Texas

Changes in Fund Balances of Governmental Funds

Last Ten Fiscal Years

(Amounts in 000's – Modified Accrual Basis of Accounting)

| | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|--|------------------|------------------|--------------------|-------------------|
| REVENUES | | | | |
| Taxes | \$ 28,765 | \$ 32,163 | \$ 36,038 | \$ 39,970 |
| Licenses and permits | 1,541 | 1,654 | 2,037 | 2,266 |
| Intergovernmental | 3,916 | 3,675 | 7,747 | 7,002 |
| Fines | 1,129 | 1,191 | 1,020 | 671 |
| Investment earnings | 79 | 270 | 562 | 1,130 |
| Miscellaneous | 912 | 931 | 1,132 | 1,569 |
| Total revenues | <u>36,342</u> | <u>39,884</u> | <u>48,536</u> | <u>52,608</u> |
| EXPENDITURES | | | | |
| General government | 6,444 | 6,830 | 9,030 | 8,523 |
| Public safety | 12,348 | 14,017 | 15,400 | 16,596 |
| Public works and streets | 3,746 | 3,768 | 5,314 | 6,541 |
| Culture and recreation | 3,770 | 3,874 | 4,186 | 4,407 |
| Debt service: | | | | |
| Principal | 2,910 | 3,003 | 3,533 | 5,283 |
| Interest | 3,436 | 3,794 | 5,642 | 5,786 |
| Other charges | 317 | 805 | 6 | 382 |
| Capital outlay | 5,922 | 25,619 | 26,944 | 28,842 |
| Total expenditures | <u>38,893</u> | <u>61,710</u> | <u>70,055</u> | <u>76,360</u> |
| Excess (deficiency) of revenues over (under) expenditures | (2,551) | (21,826) | (21,519) | (23,752) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (638) | (281) | (2,069) | (2,847) |
| Transfers in | 953 | 1,138 | 2,913 | 3,645 |
| Sale of capital assets | 26 | 50 | 47 | 56 |
| Premium on bonds issued | 1,448 | 6,880 | - | 3,170 |
| Issuance of bonds | 22,441 | 68,980 | - | 28,200 |
| Leases | - | - | - | - |
| Subscriptions | - | - | - | - |
| Payment to bond refunding escrow agent | (3,045) | (26,928) | - | (10,083) |
| Insurance recoveries | 27 | 46 | 117 | 18 |
| Total other financing sources | <u>21,212</u> | <u>49,885</u> | <u>1,008</u> | <u>22,159</u> |
| NET CHANGE IN FUND BALANCE | <u>\$ 18,661</u> | <u>\$ 28,059</u> | <u>\$ (20,511)</u> | <u>\$ (1,593)</u> |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | 19% | 16% | 21% | 21% |

Schedule 4

| | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> | <u>2023</u> | <u>2024</u> |
|----|---------------|---------------|---------------|---------------|----------------|-----------------|
| \$ | 43,285 | \$ 47,939 | \$ 54,028 | \$ 61,215 | \$ 73,104 | \$ 86,743 |
| | 2,182 | 4,108 | 4,366 | 3,806 | 4,017 | 4,321 |
| | 6,672 | 4,195 | 6,950 | 11,890 | 8,241 | 14,547 |
| | 690 | 460 | 572 | 575 | 740 | 771 |
| | 1,455 | 648 | 75 | 1,051 | 12,151 | 28,803 |
| | 957 | 307 | 540 | 956 | 1,810 | 2,488 |
| | <u>55,241</u> | <u>57,657</u> | <u>66,531</u> | <u>79,493</u> | <u>100,063</u> | <u>137,673</u> |
| | 9,809 | 10,022 | 14,623 | 17,523 | 23,331 | 24,502 |
| | 16,158 | 15,084 | 16,244 | 15,687 | 18,862 | 20,499 |
| | 5,214 | 7,733 | 9,242 | 7,619 | 8,459 | 8,834 |
| | 4,609 | 4,351 | 4,793 | 6,663 | 10,647 | 9,970 |
| | 5,114 | 5,251 | 5,221 | 7,143 | 10,034 | 11,263 |
| | 6,017 | 6,582 | 6,474 | 8,013 | 10,166 | 25,246 |
| | 213 | 6 | 883 | 599 | 2,847 | - |
| | <u>17,991</u> | <u>9,945</u> | <u>11,518</u> | <u>31,351</u> | <u>21,060</u> | <u>55,411</u> |
| | <u>65,125</u> | <u>58,974</u> | <u>68,998</u> | <u>94,598</u> | <u>105,406</u> | <u>155,725</u> |
| | (9,884) | (1,317) | (2,467) | (15,105) | (5,343) | (18,052) |
| | (840) | (709) | (680) | (8,830) | (11,204) | (1,800) |
| | 1,618 | 1,750 | 1,430 | 11,245 | 14,211 | 5,599 |
| | 55 | 68 | 487 | 23 | 100 | 59 |
| | 830 | - | 9,473 | 7,335 | 14,016 | - |
| | 11,991 | - | 78,500 | 60,998 | 500 | - |
| | - | - | - | - | - | 1,624 |
| | - | - | - | - | - | 1,128 |
| | - | - | (21,723) | - | - | - |
| | <u>40</u> | <u>52</u> | <u>347</u> | <u>164</u> | <u>126</u> | <u>135</u> |
| | <u>13,694</u> | <u>1,161</u> | <u>67,834</u> | <u>70,935</u> | <u>17,749</u> | <u>6,745</u> |
| \$ | <u>3,810</u> | <u>(156)</u> | <u>65,367</u> | <u>55,830</u> | <u>12,406</u> | <u>(11,307)</u> |
| | 23% | 24% | 27% | 23% | 24% | 36% |

City of Pflugerville, Texas

Governmental Activities Tax Revenues By Source
 Last Ten Fiscal Years
 (Accrual Basis of Accounting)

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Mixed Beverage Tax | Hotel Occupancy Tax | Total |
|-------------|---------------|--------------|---------------|-----------------------|------------------------|---------------|
| 2015 | \$ 18,410,622 | \$ 6,735,674 | \$ 3,492,706 | \$ 76,020 | \$ 1,093 | \$ 28,716,115 |
| 2016 | 21,024,450 | 7,549,829 | 3,561,040 | 86,543 | 20,193 | 32,242,055 |
| 2017 | 23,695,020 | 8,318,945 | 3,727,855 | 80,634 | 149,897 | 35,972,351 |
| 2018 | 26,614,391 | 8,988,394 | 3,928,610 | 99,163 | 339,766 | 39,970,324 |
| 2019 | 27,978,714 | 10,701,796 | 4,072,212 | 113,671 | 374,308 | 43,240,701 |
| 2020 | 30,820,419 | 12,640,956 | 4,231,465 | 112,943 | 235,303 | 48,041,086 |
| 2021 | 32,643,859 | 16,095,717 | 4,778,171 | 111,485 | 393,876 | 54,023,108 |
| 2022 | 36,575,632 | 18,076,111 | 5,394,783 | 149,128 | 989,615 | 61,185,269 |
| 2023 | 48,138,883 | 18,611,466 | 5,775,547 | 175,951 | 994,217 | 73,696,064 |
| 2024 | 60,414,009 | 18,924,414 | 6,168,831 | 187,107 | 1,220,011 | 86,914,372 |

City of Pflugerville, Texas

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

| Fiscal Year | Residential Property | Commercial Property | Personal Property | Less: Tax Exempt Real Property | Total Taxable Assessed Value | Percent of Growth in Assessed Value | Total Direct Tax Rate | Estimated Actual Taxable Value | Assessed Value as a Percentage of Actual Value |
|-------------|-------------------------|------------------------|----------------------|--------------------------------------|---------------------------------|--|--------------------------|-----------------------------------|--|
| 2015 | 2,757,615,637 | 990,762,887 | 399,206,912 | 704,956,961 | \$ 3,442,628,475 | 14.27% | 0.5336 | \$ 3,442,628,475 | 100% |
| 2016 | 3,147,282,746 | 1,206,387,574 | 326,625,017 | 808,467,090 | 3,871,828,247 | 12.47% | 0.5405 | 3,871,828,247 | 100% |
| 2017 | 3,628,025,355 | 1,340,384,319 | 333,559,477 | 899,533,163 | 4,402,435,988 | 13.70% | 0.5399 | 4,402,435,988 | 100% |
| 2018 | 4,035,650,480 | 1,548,588,085 | 314,772,082 | 959,591,335 | 4,939,419,312 | 12.20% | 0.5399 | 4,939,419,312 | 100% |
| 2019 | 4,499,757,076 | 1,838,614,421 | 396,468,422 | 1,108,865,347 | 5,625,974,572 | 13.90% | 0.4976 | 5,625,974,572 | 100% |
| 2020 | 4,795,208,000 | 2,134,940,661 | 422,443,512 | 1,154,626,003 | 6,197,966,170 | 10.17% | 0.4976 | 6,197,966,170 | 100% |
| 2021 | 5,077,244,544 | 2,376,169,735 | 429,679,404 | 1,246,714,712 | 6,636,378,971 | 7.07% | 0.4863 | 6,636,378,971 | 100% |
| 2022 | 5,218,297,409 | 2,361,728,001 | 426,046,349 | 1,292,354,372 | 6,713,717,387 | 1.17% | 0.4863 | 6,713,717,387 | 100% |
| 2023 | 7,422,858,320 | 1,998,200,048 | 487,929,194 | 1,119,010,765 | 8,789,976,797 | 30.93% | 0.4813 | 8,789,976,797 | 100% |
| 2024 | 10,256,031,163 | 3,043,974,277 | 1,007,337,043 | 3,132,475,566 | 11,174,866,917 | 27.13% | 0.5362 | 11,174,866,917 | 100% |

Source: Travis Central Appraisal District and Williamson Central Appraisal District

Note: All properties are assessed at 100% of actual taxable value. Tax rates are per \$100 of assessed value

City of Pflugerville, Texas
 Property Tax Rates
 Direct and Overlapping Governments
 Last Ten Fiscal Years

| Fiscal Year | City of Pflugerville | | | Travis County | | | Pflugerville Independent | School | Travis County Emergency | | | Travis County Healthcare District | | | Total Direct & Overlapping Rates | |
|-------------|----------------------|---------|------------|---------------|--------------|--------------|--------------------------|--------------|-------------------------|--------|--------------|-----------------------------------|--------|--------------|----------------------------------|--------|
| | General | | | O & M* | Debt Service | Total County | O & M* | Debt Service | Total PSD | O & M* | Debt Service | Total ESD#2 | O & M* | Debt Service | Total TCHD | |
| | Fund | Debt | Total City | | | | | | | | | | | | | |
| | O & M* | Service | Total City | | | | | | | | | | | | | |
| 2015 | 0.3700 | 0.1636 | 0.5336 | 0.3850 | 0.0713 | 0.4563 | 1.0400 | 0.5000 | 1.5400 | 0.0930 | 0.0052 | 0.0982 | 0.1253 | 0.0011 | 0.1264 | 2.7545 |
| 2016 | 0.3665 | 0.1740 | 0.5405 | 0.3486 | 0.0683 | 0.4169 | 1.0400 | 0.5000 | 1.5400 | 0.0913 | 0.0045 | 0.0958 | 0.1168 | 0.0010 | 0.1178 | 2.7110 |
| 2017 | 0.3526 | 0.1873 | 0.5399 | 0.3222 | 0.0616 | 0.3838 | 1.0400 | 0.5000 | 1.5400 | 0.0997 | 0.0003 | 0.1000 | 0.1096 | 0.0009 | 0.1105 | 2.6742 |
| 2018 | 0.3345 | 0.2054 | 0.5399 | 0.3143 | 0.0547 | 0.3690 | 1.0400 | 0.5000 | 1.5400 | 0.1000 | 0.0000 | 0.1000 | 0.1066 | 0.0008 | 0.1074 | 2.6563 |
| 2019 | 0.3169 | 0.1807 | 0.4976 | 0.3079 | 0.0463 | 0.3542 | 1.0600 | 0.4600 | 1.5200 | 0.1000 | 0.0000 | 0.1000 | 0.1045 | 0.0007 | 0.1052 | 2.5770 |
| 2020 | 0.3104 | 0.1872 | 0.4976 | 0.3123 | 0.0570 | 0.3693 | 0.9900 | 0.4600 | 1.4500 | 0.1000 | 0.0000 | 0.1000 | 0.1049 | 0.0007 | 0.1056 | 2.5225 |
| 2021 | 0.3101 | 0.1762 | 0.4863 | 0.3165 | 0.0578 | 0.3743 | 0.9623 | 0.4600 | 1.4223 | 0.1000 | 0.0000 | 0.1000 | 0.1097 | 0.0006 | 0.1103 | 2.4932 |
| 2022 | 0.2867 | 0.1996 | 0.4863 | 0.3073 | 0.0501 | 0.3574 | 0.9280 | 0.4600 | 1.3880 | 0.0900 | 0.0000 | 0.0900 | 0.1092 | 0.0026 | 0.1118 | 2.4335 |
| 2023 | 0.2682 | 0.2131 | 0.4813 | 0.2789 | 0.0393 | 0.3182 | 0.9046 | 0.3600 | 1.2646 | 0.0800 | 0.0000 | 0.0800 | 0.0966 | 0.0021 | 0.0987 | 2.2428 |
| 2024 | 0.2485 | 0.2877 | 0.5362 | 0.2698 | 0.0349 | 0.3047 | 0.7892 | 0.3200 | 1.1092 | 0.0770 | 0.0000 | 0.0770 | 0.0961 | 0.0046 | 0.1007 | 2.1278 |

*O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

City of Pflugerville, Texas
 Water and Wastewater Rates
 Last Ten Fiscal Years

| <u>Water Rates</u> | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------|----------|----------|----------|----------|----------|----------|----------|----------|----------|----------|
| Base Charge | \$ 15.50 | \$ 15.50 | \$ 15.50 | \$ 15.50 | \$ 15.70 | \$ 15.70 | \$ 17.00 | \$ 19.00 | \$ 24.00 | \$ 37.50 |
| Usage: | | | | | | | | | | |
| 0 - 3,000 gallons | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.40 | 3.80 | 4.20 | 5.20 | 6.20 |
| 3,000 - 10,000 gallons | 4.30 | 4.30 | 4.30 | 4.30 | 4.30 | 4.30 | 4.80 | 5.30 | 6.50 | 7.80 |
| 10,001 - 25,000 gallons | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 5.40 | 6.00 | 6.60 | 8.10 | 9.80 |
| 25,001+ gallons | 6.80 | 6.80 | 6.80 | 6.80 | 6.80 | 6.80 | 7.50 | 10.00 | 10.10 | 12.30 |
| <u>Wastewater Rates</u> | | | | | | | | | | |
| Base (0 gallons) | 19.50 | 19.50 | 19.50 | 22.50 | 23.50 | 23.50 | 28.50 | 29.00 | 31.00 | 51.00 |
| Usage per 1,000 gallons | 1.25 | 1.25 | 1.25 | 1.55 | 2.20 | 2.20 | 4.20 | 4.20 | 5.20 | 5.70 |
| City average (new customers) | 25.63 | 25.50 | 26.13 | 30.72 | 32.74 | 33.62 | 47.82 | 51.26 | 77.35 | 74.37 |

Source: Utility Billing Department

Note: The rates and charges provided represent those of a residential customer within the City limits with a This segment of the utility customer base represents the largest portion of the City's utility customers. Wastewater rates are based on the customer's winter water usage (the lowest three winter months of November, December, January New customers start with the City average until their own rate is established.

City of Pflugerville, Texas
 Principal Property Taxpayers
 Current Year and Nine Years Ago

| Taxpayer | Fiscal Year 2024 | | | Fiscal Year 2015 | | |
|---------------------------------------|---------------------------------|------|-------------------------------|--------------------------------|------|-------------------------------|
| | Tax Year 2023 | | % of Total Assessed Valuation | Tax Year 2014 | | % of Total Assessed Valuation |
| | Taxable Assessed Value | Rank | | Taxable Assessed Value | Rank | |
| AMAZON.COM SERVICES LLC | \$ 389,912,391 | 1 | 3.49% | \$ - | | |
| AMAZON.COM SERVICES LLC | 217,060,062 | 2 | 1.94% | - | | |
| A-S 93 SH 130-SH 45 LP (New Quest) | 166,502,503 | 3 | 1.49% | 98,043,043 | 1 | 2.85% |
| LC PFLUGERVILLE LLC | 103,490,737 | 4 | 0.93% | - | | |
| PECAN COMMERCE CENTER ILP LLC | 100,068,585 | 5 | 0.90% | - | | |
| DALTON AUSTIN RESIDENCES LLC | 97,525,637 | 6 | 0.87% | - | | |
| CENTENNIAL STONE HILL TWO LP | 91,283,403 | 7 | 0.82% | - | | |
| LIVING SPACES PFLUGERVILLE LLC | 85,606,002 | 8 | 0.77% | - | | |
| SREIT EMERSON PFLUGERVILLE LLC | 85,174,085 | 9 | 0.76% | - | | |
| CENTENNIAL STONE HILL LP | 83,461,691 | 10 | 0.75% | - | | |
| BRE MF STONE HILL LLC | - | | | 48,128,169 | 2 | 1.40% |
| 1825 PLACE LLC | - | | | 35,192,000 | 3 | 1.02% |
| SWENSON FARMS APARTMENT COMMUNITY LLC | - | | | 32,086,000 | 4 | 0.93% |
| PIRET (IMPACT WAY) HOLDINGS LLC | - | | | 28,291,299 | 5 | 0.82% |
| TARGET CORPORATION | - | | | 26,239,191 | 6 | 0.76% |
| ONCOR ELECTRIC DELIVERY COMPANY LLC | - | | | 23,464,000 | 7 | 0.68% |
| WAL-MART REAL ESTATE BUSINESS TRUST | - | | | 17,355,333 | 8 | 0.50% |
| HOME DEPOT USA INC | - | | | 17,117,771 | 9 | 0.50% |
| SPRINGBROOK APTSP1 LP | - | | | 16,506,102 | 10 | 0.48% |
| | <u>1,420,085,096</u> | | <u>12.71%</u> | <u>342,422,908</u> | | <u>9.95%</u> |
| Other taxpayers | <u>9,754,781,821</u> | | <u>87.29%</u> | <u>3,100,205,567</u> | | <u>90.05%</u> |
| TOTAL ASSESSED VALUATION | <u><u>\$ 11,174,866,917</u></u> | | <u><u>100.0%</u></u> | <u><u>\$ 3,442,628,475</u></u> | | <u><u>100.0%</u></u> |

Source: Travis Central Appraisal District

City of Pflugerville, Texas
 Water and Wastewater Customers
 Last Ten Fiscal Years

| Fiscal Year | Water | | Wastewater | |
|-------------|-----------------|----------------------|----------------------|----------------------|
| | Water Customers | Percentage of Change | Wastewater Customers | Percentage of Change |
| 2015 | 15,607 | 6.5% | 16,462 | 6.1% |
| 2016 | 16,515 | 5.8% | 17,393 | 5.7% |
| 2017 | 17,480 | 5.8% | 18,391 | 5.7% |
| 2018 | 18,328 | 4.9% | 19,321 | 5.1% |
| 2019 | 19,453 | 6.1% | 20,506 | 6.1% |
| 2020 | 20,449 | 5.1% | 21,585 | 5.3% |
| 2021 | 21,234 | 3.8% | 22,560 | 4.5% |
| 2022 | 21,631 | 1.9% | 22,604 | 0.2% |
| 2023 | 22,007 | 1.7% | 23,770 | 5.2% |
| 2024* | 15,842 | -28.0% | 17,315 | -27.2% |

Source: Utility Billing department.

*District accounts moved to other provider for Water, Wastewater and Solid Waste

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

| Fiscal Year | Original Tax Levy for the Fiscal Year ¹ | Adjusted Tax Levy for the Fiscal Year ² | Collected Within the Fiscal Year of the Levy | | Tax Collections in Subsequent Years | Total Tax Collections | Total Collections as a Percent of Levy |
|-------------|--|--|--|-----------------|-------------------------------------|-----------------------|--|
| | | | Amount | Percent of Levy | | | |
| 2015 | \$ 17,999,015 | \$ 18,335,824 | \$ 18,291,430 | 99.76% | \$ 26,672 | \$ 18,318,103 | 99.90% |
| 2016 | 20,265,425 | 20,853,927 | 20,781,895 | 99.65% | 48,496 | 20,830,391 | 99.89% |
| 2017 | 22,806,319 | 23,736,943 | 23,676,457 | 99.75% | 101,913 | 23,778,370 | 100.17% |
| 2018 | 25,520,254 | 26,569,683 | 26,545,109 | 99.91% | 64,308 | 26,609,417 | 100.15% |
| 2019 | 26,722,531 | 27,805,756 | 27,757,678 | 99.83% | 99,848 | 27,857,526 | 100.19% |
| 2020 | 30,841,080 | 31,137,347 | 31,068,415 | 99.78% | 110,515 | 31,178,930 | 100.13% |
| 2021 | 32,892,118 | 32,487,361 | 32,532,909 | 100.14% | 110,247 | 32,643,156 | 100.48% |
| 2022 | 34,942,929 | 34,680,786 | 36,610,336 | 105.56% | (32,133) | 36,578,203 | 105.47% |
| 2023 | 44,104,430 | 46,922,522 | 45,314,874 | 96.57% | 357,577 | 45,672,451 | 97.34% |
| 2024 | 60,683,439 | 60,379,854 | 59,907,807 | 99.22% | - | 59,907,807 | 99.22% |

Source: Travis Central Appraisal District; Williamson County Appraisal District

¹ Represents the original, certified tax levy for general and debt service property taxes.

² Represents the certified tax levy for general and debt service property taxes adjusted for settled property tax value protests and other disputes.

City of Pflugerville, Texas
 Water and Wastewater Revenue Collected
 Last Ten Fiscal Years

| Fiscal Year | Water Revenue | Wastewater Revenue |
|-------------|------------------|-----------------------|
| 2015 | \$ 13,316,634 | \$ 6,139,955 |
| 2016 | 14,445,893 | 6,596,113 |
| 2017 | 14,729,015 | 7,082,114 |
| 2018 | 16,592,625 | 8,360,323 |
| 2019 | 16,739,400 | 9,654,356 |
| 2020 | 18,790,415 | 10,423,537 |
| 2021 | 20,387,501 | 15,016,210 |
| 2022 | 24,907,361 | 15,440,449 |
| 2023 | 26,634,118 | 16,658,984 |
| 2024 | 29,664,853 | 22,384,190 |

Source: City Financial Reports

City of Pflugerville, Texas

Ratios of Outstanding Debt By Type

Last Ten Fiscal Years

(Amounts in 000's, except per capita amount)

Schedule 13

Governmental Activities

| Fiscal Year | General | | | | | | | Total Governmental Activities |
|-------------|------------------|------------------|----------------------------|-----------------|---------------|------------------------|-----------------|-------------------------------|
| | Limited Tax Bond | Obligation Bonds | Certificates of Obligation | Refunding Bonds | Notes Payable | Subscription Liability | Lease Liability | |
| 2015 | \$ - | \$ 17,730 | \$ 54,943 | \$ 26,043 | \$ - | \$ - | \$ - | \$ 98,716 |
| 2016 | - | 45,266 | 47,816 | 47,156 | - | - | - | 140,238 |
| 2017 | - | 44,539 | 46,604 | 45,562 | - | - | - | 136,705 |
| 2018 | - | 56,436 | 37,741 | 55,879 | - | - | - | 150,056 |
| 2019 | - | 65,051 | 43,087 | 48,795 | - | - | - | 156,933 |
| 2020 | - | 64,008 | 41,584 | 46,090 | - | - | - | 151,682 |
| 2021 | - | 71,065 | 42,261 | 91,970 | - | - | - | 205,296 |
| 2022 | - | 113,305 | 57,221 | 88,782 | - | - | - | 259,308 |
| 2023 | 96,805 | 109,390 | 279,917 | 85,464 | 500 | 843 | 2,404 | 575,323 |
| 2024 | 96,305 | 106,925 | 276,875 | 81,384 | 436 | 1,444 | 3,333 | 566,702 |

Business-Type Activities

| Fiscal Year | | | | | | | Total Business-Type Activities | | |
|-------------|---------------|------------|----------------------------|------------|-----------------|---------------|--------------------------------|------------------------|-----------------|
| | Revenue Bonds | | Certificates of Obligation | | Refunding Bonds | Notes Payable | | Subscription Liability | Lease Liability |
| | Water | Wastewater | Water | Wastewater | | | | | |
| 2015 | \$ - | \$ - | \$ 11,548 | \$ 11,104 | \$ 62,242 | \$ - | \$ - | \$ - | \$ 84,894 |
| 2016 | - | - | 11,405 | 10,914 | 60,208 | - | - | - | 82,527 |
| 2017 | - | - | 11,176 | 10,690 | 57,924 | - | - | - | 79,790 |
| 2018 | - | - | 10,943 | 21,311 | 60,706 | - | - | - | 92,960 |
| 2019 | - | - | 10,705 | 32,723 | 58,209 | - | - | - | 101,637 |
| 2020 | - | - | 10,462 | 32,299 | 55,617 | - | - | - | 98,378 |
| 2021 | - | - | 11,620 | 65,749 | 50,345 | - | - | - | 127,714 |
| 2022 | 24,000 | 42,750 | 86,143 | 46,041 | 46,918 | - | - | - | 245,852 |
| 2023 | 41,752 | 42,750 | 83,476 | 44,987 | 43,311 | 500 | 109 | 483 | 257,368 |
| 2024 | 57,007 | 165,295 | 80,990 | 43,230 | 41,116 | 458 | 232 | 668 | 388,996 |

| Fiscal Year | Total Primary Governme | Percentage of Personal Income ¹ | Per Capita ¹ |
|-------------|------------------------|--|-------------------------|
| 2015 | \$ 183,610 | 10.9% | 3,311 |
| 2016 | 222,765 | 12.0% | 3,898 |
| 2017 | 216,495 | 10.6% | 3,538 |
| 2018 | 243,016 | 11.0% | 3,782 |
| 2019 | 258,570 | 10.0% | 3,632 |
| 2020 | 250,060 | 8.8% | 3,671 |
| 2021 | 333,010 | 11.4% | 4,382 |
| 2022 | 505,160 | 17.3% | 6,507 |
| 2023 | 832,691 | 23.1% | 10,418 |
| 2024 | 955,698 | 22.2% | 10,359 |

¹ See the Demographics Statistics for personal income and population data.

Source: City Financial Reports

City of Pflugerville, Texas

General Bonded Debt Outstanding

Last Ten Fiscal Years

(Amounts in 000's, except per capita amount)

| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Limited Tax Bonds | Refunding Bonds | Notes Payable | Subscription Liability | Lease Liability | Total | Percentage of Estimated Actual | Net Debt Per Capita |
|-------------|--------------------------------|-------------------------------|----------------------|--------------------|------------------|---------------------------|-----------------|-----------|--------------------------------------|------------------------|
| | | | | | | | | | Taxable Value of Property | |
| 2015 | \$ 17,730 | \$ 54,943 | \$ - | \$ 26,043 | \$ - | \$ - | \$ - | \$ 98,716 | 2.87% | \$ 1,780 |
| 2016 | 45,266 | 47,816 | - | 47,156 | - | - | - | 140,238 | 3.62% | 2,454 |
| 2017 | 44,539 | 46,604 | - | 45,562 | - | - | - | 136,705 | 3.11% | 2,234 |
| 2018 | 56,436 | 37,741 | - | 55,879 | - | - | - | 150,056 | 3.04% | 2,335 |
| 2019 | 65,051 | 43,087 | - | 48,795 | - | - | - | 156,933 | 2.79% | 2,204 |
| 2020 | 64,008 | 41,584 | - | 46,090 | - | - | - | 151,682 | 2.45% | 2,050 |
| 2021 | 71,065 | 42,261 | - | 91,970 | - | - | - | 205,296 | 3.09% | 2,701 |
| 2022 | 113,305 | 57,221 | - | 88,782 | - | - | - | 259,308 | 3.86% | 3,340 |
| 2023 | 109,390 | 279,917 | 96,805 | 85,464 | 500 | 843 | 2,404 | 575,323 | 6.55% | 7,240 |
| 2024 | 106,925 | 276,875 | 96,305 | 81,384 | 436 | 1,444 | 3,333 | 566,702 | 5.07% | 7,113 |

City of Pflugerville, Texas
 Direct and Overlapping
 Governmental Activities Debt
 Last Ten Fiscal Years

Schedule 15

| Taxing Body | Debt Outstanding ¹ | Estimated Percentage Applicable ¹ | Estimated Share of Overlapping Debt |
|--|-------------------------------|---|--|
| Estimated Overlapping Debt: | | | |
| Travis County MUD # 15 | \$ 26,800,000 | 100.00% | \$ 26,800,000 |
| Travis County MUD #23 | 17,735,000 | 100.00% | 17,735,000 |
| Pflugerville I.S.D. | 730,030,000 | 38.06% | 277,849,418 |
| Travis County | 1,099,010,000 | 3.25% | 35,717,825 |
| Travis County Healthcare District | 165,705,000 | 3.25% | 5,385,413 |
| Round Rock I.S.D. | 660,675,000 | 0.41% | 2,708,768 |
| Lakeside WC&ID #2-D | 13,455,000 | 0.00% | - |
| Lakeside WC&ID #1 | 1,750,000 | 0.19% | 3,325 |
| Northeast Travis County Utility District | 16,470,000 | 0.00% | - |
| Upper Bushy Creek WCID | 49,920,000 | 0.07% | 34,944 |
| Austin CCD | 540,180,000 | 0.07% | 378,126 |
| Williamson County | 1,311,170,000 | 0.05% | 655,585 |
| Manor I.S.D. | 488,044,999 | 0.00% | - |
| Travis County MUD # 17 | 32,720,000 | 0.00% | - |
| Total estimated overlapping debt | 5,153,664,999 | | 367,268,403 |
| Direct Debt - City of Pflugerville | 726,825,000 | 100.00% | 726,825,000 |
| Direct and Estimated Overlapping Debt | \$ 5,880,489,999 | | \$ 1,094,093,403 |

Total Direct and Overlapping Debt % of Ad Valorem: 9.64%
 Total Direct and Overlapping Debt per Capita: \$16,755

Sources:

¹This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy of completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/24), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

²Individual taxing bodies and Travis Central Appraisal District.

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

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|----------------|----------------|----------------|
| Debt Limit | \$ 51,639,427 | \$ 58,077,424 | \$ 66,036,540 | \$ 74,091,290 | \$ 84,389,619 | \$ 92,969,493 | \$ 99,545,685 | \$ 100,705,761 | \$ 131,849,652 | \$ 167,623,004 |
| Total net debt applicable to limit | 6,345,656 | 6,797,076 | 9,175,478 | 11,068,992 | 11,131,351 | 10,851,180 | 11,695,259 | 14,656,133 | 19,322,716 | 48,861,084 |
| Legal debt margin | \$ 45,293,771 | \$ 51,280,348 | \$ 56,861,062 | \$ 63,022,298 | \$ 73,258,268 | \$ 82,118,313 | \$ 87,850,426 | \$ 86,049,628 | \$ 112,526,936 | \$ 118,761,920 |
| Total net debt applicable to the limit as a percentage of debt limit | 12.3% | 11.7% | 13.9% | 14.9% | 13.2% | 11.7% | 11.7% | 14.6% | 14.7% | 29.1% |

Legal Debt Margin Calculation for Fiscal Year 2024

| | |
|---|-----------------------|
| Assessed value of taxable property: | \$ 11,174,866,917 |
| Debt limit (\$1.50 per \$100 of assessed valuation) | \$ 167,623,004 |
| 2024 annual debt service applicable to limit: | |
| General obligation - principal | \$ 16,525,000 |
| General obligation - interest | 32,336,084 |
| Legal debt margin | <u>\$ 118,761,920</u> |

City of Pflugerville, Texas
 Revenue Bond Coverage
 Water and Wastewater Bonds
 Last Ten Fiscal Years

| Fiscal Year | Gross Water and Wastewater Revenues | Operating Expenses ¹ | Net Revenue Available for Debt Service | Debt Service Requirements | | | |
|-------------|---|------------------------------------|--|---------------------------|--------------|--------------|----------|
| | | | | Principal | Interest | Total | Coverage |
| 2015 | \$ 19,646,817 | \$ 11,813,587 | \$ 7,833,230 | \$ 2,163,205 | \$ 3,093,173 | \$ 5,256,378 | 1.49 |
| 2016 | 21,309,858 | 13,230,539 | 8,079,319 | 2,367,071 | 3,658,167 | 6,025,238 | 1.34 |
| 2017 | 22,196,386 | 13,802,659 | 8,393,727 | 2,736,510 | 3,535,545 | 6,272,055 | 1.34 |
| 2018 | 25,883,476 | 14,609,304 | 11,274,172 | 3,457,068 | 3,883,125 | 7,340,193 | 1.54 |
| 2019 | 27,990,214 | 17,919,504 | 10,070,710 | 3,141,149 | 4,066,228 | 7,207,377 | 1.40 |
| 2020 | 29,306,125 | 20,078,734 | 9,227,391 | 3,259,451 | 4,831,543 | 8,090,994 | 1.14 |
| 2021 | 35,465,201 | 26,266,816 | 9,198,385 | 4,418,910 | 4,731,150 | 9,150,060 | 1.01 |
| 2022 | 40,347,810 | 33,627,741 | 6,720,069 | 4,957,171 | 4,799,723 | 9,756,894 | 0.69 |
| 2023 | 43,276,423 | 28,404,568 | 14,871,855 | 7,327,808 | 8,526,686 | 15,854,494 | 0.94 |
| 2024 | 52,048,250 | 28,693,040 | 23,355,210 | 6,812,708 | 10,459,337 | 17,272,045 | 1.35 |

¹Excludes depreciation expense

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

City of Pflugerville, Texas

Demographic Statistics

Last Ten Fiscal Years

| Fiscal Year | Population ¹ | School Enrollment ² | Total Personal Income ³ | Personal Income Per Capita ⁴ | Unemployment Rate ⁵ |
|-------------|-------------------------|--------------------------------|------------------------------------|---|--------------------------------|
| 2015 | 55,455 | 23,853 | \$ 1,692,153,870 | \$ 30,514 | 2.8 |
| 2016 | 57,148 | 23,819 | 1,854,795,488 | 32,456 | 3.2 |
| 2017 | 61,200 | 24,562 | 2,041,387,200 | 33,356 | 3.7 |
| 2018 | 64,260 | 25,282 | 2,203,411,140 | 34,289 | 3.3 |
| 2019 | 71,200 | 25,361 | 2,592,036,000 | 36,405 | 3.0 |
| 2020 | 74,000 | 26,442 | 2,851,664,000 | 38,536 | 6.3 |
| 2021 | 76,000 | 25,692 | 2,922,048,000 | 38,448 | 3.5 |
| 2022 | 77,629 | 25,486 | 2,921,800,302 | 37,638 | 3.0 |
| 2023 | 79,466 | 25,764 | 3,583,757,668 | 45,098 | 3.8 |
| 2024 | 79,668 | 25,682 | 3,717,586,672 | 46,612 | 3.8 |

¹City of Pflugerville Planning Department.

²Pflugerville Independent School District.

³Total Personal Income calculated from Personal Income per capita and Population.

⁴Personal income per capita from the U.S. Census Bureau Demographic Profile.

⁵Pflugerville Statistical Area, Cities and towns above 25,000 population, obtained from the U.S. Department of Labor, Bureau of Labor Statistics.

City of Pflugerville, Texas
 Principal Employers
 Current Year and Nine Years Ago

Schedule 19

| 2024 | | 2015 | |
|--------------------------|-----------|----------------------|-----------|
| Employer | Employees | Employer | Employees |
| Pflugerville ISD | 3,675 | Pflugerville ISD | 1,497 |
| Amazon | 2,600 | City of Pflugerville | 325 |
| City of Pflugerville | 501 | Wal-Mart | 325 |
| KST Electric, Ltd. | 450 | Mtech | 265 |
| L3 Technologies, Inc. | 429 | HEB Grocery Co. | 225 |
| ESD | 338 | Target | 200 |
| Flextronics America, LLC | 338 | Flextronics | 195 |
| Brandt | 300 | Avant Technologies | 155 |
| BAYLOR SCOTT & WHITE | 281 | Home Depot | 125 |
| Austin Foam Plastics | 260 | Fed Ex | 120 |
| Total | 9,172 | Total | 3,432 |

Source:
 Pflugerville Community Development Corporation

City of Pflugerville, Texas

Water and Wastewater Customers By Type
 Last Ten Fiscal Years

| Fiscal Year | Water Customers | | | Residential | Wastewater Customers | | |
|-------------|-----------------|-------|--------|-------------|----------------------|-------|--------|
| | Commercial | Other | Total | | Commercial | Other | Total |
| 2015 | 457 | 150 | 15,607 | 16,167 | 245 | 50 | 16,462 |
| 2016 | 497 | 162 | 16,515 | 17,079 | 260 | 54 | 17,393 |
| 2017 | 525 | 181 | 17,480 | 18,058 | 273 | 60 | 18,391 |
| 2018 | 564 | 189 | 18,328 | 18,967 | 291 | 63 | 19,321 |
| 2019 | 583 | 206 | 19,356 | 20,027 | 302 | 70 | 20,399 |
| 2020 | 603 | 222 | 20,445 | 21,170 | 308 | 73 | 21,551 |
| 2021 | 711 | 166 | 21,243 | 22,163 | 322 | 46 | 22,531 |
| 2022 | 1054 | 229 | 21,760 | 23,013 | 347 | 60 | 23,420 |
| 2023 | 669 | 249 | 22,007 | 23,325 | 348 | 97 | 23,770 |
| 2024* | 688 | 278 | 15,842 | 16,858 | 361 | 96 | 17,315 |

*District accounts moved to other provider for Water, Wastewater and Solid Waste
 Source: Utility Billing Department

City of Pflugerville, Texas
 Full Time Equivalent Employees By Function
 Last Ten Fiscal Years

| Function | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
|--------------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| Administration ¹ | 25 | 25 | 29 | 28 | 29 | - | - | - | - | - |
| Animal Welfare Services ² | - | - | 10 | 10 | 12 | 12 | 11 | 12 | 14 | 14 |
| Building Inspection | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 7 | 7 | 7 |
| City Manager's Office ¹ | - | - | - | - | - | 7 | 6 | 8 | 11 | 12 |
| Communications ¹ | - | - | - | - | - | 6 | 6 | 6 | 8 | 8 |
| Development Services Adm | 5 | 4 | 3 | 3 | 4 | 4 | 4 | 14 | 14 | 13 |
| Engineering | 11 | 13 | 14 | 13 | 15 | 18 | 18 | 10 | 19 | 19 |
| Facilities Maintenance ¹ | - | - | - | - | - | 7 | 7 | 7 | 8 | 8 |
| Fleet | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 | 4 |
| Finance | - | - | - | - | - | 8 | 9 | 13 | 17 | 18 |
| Information Technology ⁴ | - | - | - | 6 | 5 | 5 | 6 | 8 | 10 | 11 |
| Library | 18 | 18 | 19 | 20 | 21 | 21 | 21 | 21 | 24 | 24 |
| Municipal Court | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Parks & Recreation | - | - | - | - | - | - | - | - | - | - |
| Full Time | 27 | 27 | 28 | 32 | 34 | 34 | 13 | 34 | 55 | 54 |
| Seasonal | 31 | 31 | 31 | 31 | 31 | 31 | 30 | 17 | 12 | 11 |
| People and Culture ¹ | - | - | - | - | - | 4 | 4 | 5 | 6 | 8 |
| Planning & Development | 7 | 8 | 10 | 9 | 13 | 15 | 15 | 16 | 16 | 14 |
| Police Services | - | - | - | - | - | - | - | - | - | - |
| Officers | 84 | 86 | 86 | 87 | 89 | 91 | 91 | 99 | 100 | 101 |
| PflSD Officers ⁵ | 22 | 23 | 24 | 24 | - | - | - | - | - | - |
| Civilians | 38 | 42 | 39 | 38 | 41 | 40 | 46 | 41 | 41 | 43 |
| Resource Recovery ⁶ | - | - | - | - | - | 6 | - | - | - | - |
| Streets | 31 | 29 | 28 | 28 | 28 | 28 | 28 | 31 | 35 | 35 |
| Solid Waste ⁷ | - | - | - | - | - | - | - | 1 | 1 | 1 |
| Utility Admin ⁸ | - | - | - | - | - | - | - | - | - | 15 |
| Utility Billing ⁸ | - | - | - | - | - | - | - | - | - | 6 |
| Utility Engineering ⁸ | - | - | - | - | - | - | - | - | - | 9 |
| Water | 25 | 28 | 28 | 31 | 32 | 35 | 36 | 41 | 49 | 34 |
| Wastewater | 26 | 27 | 27 | 29 | 32 | 29 | 36 | 34 | 41 | 28 |
| Total Employees | 365 | 376 | 391 | 404 | 402 | 417 | 403 | 435 | 498 | 503 |

¹ The Administration Department was separated into its various functions in FY 2020.
² Previously a function of the Police Department
³ New function in FY 2014
⁴ Previously budgeted in the Administration Department
⁵ PflSD Officers became an in-house function of the Pflugerville Independent School District in FY 2019.
⁶ Previously budgeted in Wastewater
⁷ New function in FY 2022
⁸ Not New, but was included under water/wastewater before FY24

Source: City of Pflugerville Budget

City of Pflugerville, Texas
 Operating Indicators By Function
 Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | |
|--|-------------|--------|--------|--------|--------|--------|--------|--------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2022 | 2023 | 2024 |
| Animal Welfare Services | | | | | | | | |
| Animals Taken Into Shelter | 1,077 | 892 | 791 | 989 | 1,171 | 828 | 705 | 865 |
| Building Inspection | | | | | | | | |
| Residential Permits | 974 | 953 | 1,048 | 1,307 | 1,481 | 522 | 402 | 337 |
| Commercial Permits | 38 | 75 | 39 | 149 | 218 | 346 | 474 | 480 |
| Inspections Performed | 29,915 | 36,670 | 35,692 | 39,350 | 43,523 | 29,876 | 26,589 | 24,578 |
| Engineering | | | | | | | | |
| Construction Plans Reviewed | 37 | 33 | 35 | 35 | 26 | 51 | 14 | 32 |
| Construction inspections | 23,804 | 26,982 | 25,300 | 32,054 | 26,700 | 10,983 | 11,522 | 4,290 |
| Fleet | | | | | | | | |
| Vehicle Inspections | 191 | 192 | 229 | 240 | 238 | 201 | 209 | 222 |
| Library | | | | | | | | |
| Library Visits (000) ¹ | 323 | 209 | 220 | 231 | 390 | 339 | 385 | 380 |
| Items Circulated (000) ¹ | 390 | 450 | 447 | 458 | 556 | 555 | 529 | 597 |
| Municipal Court | | | | | | | | |
| Cases Filed | 11,509 | 12,642 | 9,717 | 6,748 | 8,020 | 4,401 | 5,006 | 4,839 |
| Warrants Issued | 5,494 | 6,242 | 4,235 | 1,377 | 1,592 | 3,514 | 1,912 | 1,238 |
| Parks & Recreation | | | | | | | | |
| Recreation Center Members ² | 1,309 | 1,067 | 1,058 | 1,209 | 1,171 | 2,536 | 2,994 | 2,736 |
| Facilities Reservations | 798 | 911 | 728 | 634 | 625 | 179 | 232 | 235 |
| Recreation Program Participan | 3,131 | 3,056 | 4,138 | 4,468 | 3,456 | 5,192 | 7,316 | 5,763 |
| Planning & Development | | | | | | | | |
| Single Family Lots Reviewed | 2,151 | 3,000 | 2,304 | 2,656 | 2,084 | 370 | 4,464 | 1,911 |
| Subdivision Plat Applications | 66 | 69 | 50 | 53 | 41 | 89 | 50 | 136 |
| Zoning Applications | 14 | 10 | 8 | 14 | 11 | 10 | 18 | 16 |
| Police Services | | | | | | | | |
| Citations Issued | 10,292 | 11,525 | 9,269 | 8,957 | 14,368 | 4,013 | 4,662 | 4,959 |
| Arrests | | | | | | | | |
| Felony | 436 | 475 | 538 | 440 | 525 | 567 | 735 | 533 |
| Misdemeanor | 690 | 3,019 | 2,525 | 1,512 | 1,388 | 800 | 922 | 1,017 |
| Calls for Service | 62,360 | 55,634 | 48,576 | 54,183 | 57,205 | 41,318 | 41,970 | 41,082 |

City of Pflugerville, Texas

Operating Indicators By Function – Continued
 Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | |
|------------------------------------|-------------|-------|-------|-------|-------|-------|-------|-------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2022 | 2023 | 2024 |
| Streets | | | | | | | | |
| Miles of Streets Maintained | 213 | 218 | 221 | 221 | 230 | 262 | 295 | 248 |
| Potholes and Patches | - | - | - | - | - | 1,690 | 730 | 697 |
| Street Signs Replaced ¹ | - | - | - | - | - | 1,768 | 2,222 | 489 |
| Water | | | | | | | | |
| New Connections | 1,009 | 908 | 965 | 848 | 1,034 | 217 | 1,352 | 125 |
| Water Main Breaks Repaired | 9 | 3 | 4 | 5 | 6 | 4 | 4 | 6 |
| Average Daily Usage (MGD) | 6.59 | 6.84 | 6.69 | 7.49 | 8 | 9 | 8 | 7 |
| Wastewater | | | | | | | | |
| Average Daily Flow (MGD) | 4.05 | 4.49 | 4.18 | 4.32 | 5.19 | 5.07 | 4.71 | 4.81 |
| Wastewater Treated (MG) | 1,478 | 1,638 | 1,525 | 1,576 | 1,894 | 1,794 | 1,688 | 1,756 |
| Blockages Cleared | 87 | 77 | 66 | 116 | 139 | 22 | 68 | 25 |

¹Physical & virtual

²Families are counted as one member

Sources: Various City departments

City of Pflugerville, Texas
Capital Assets By Function
Last Ten Fiscal Years

| Function | Fiscal Year | | | | | | | | | |
|---------------------------------|-------------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | 2022 | 2023 | 2024 |
| Fleet: | | | | | | | | | | |
| Fleet Vehicles | 181 | 187 | 197 | 222 | 235 | 252 | 275 | 287 | 303 | 331 |
| Library: | | | | | | | | | | |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library (sq ft) | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 | 28,000 |
| Books (000) | 66 | 68 | 68 | 70 | 78 | 82 | 86 | 92 | 94 | 101 |
| Parks & Recreation: | | | | | | | | | | |
| Parks | 36 | 36 | 36 | 36 | 37 | 38 | 38 | 33 | 34 | 34 |
| Park Acreage | 733 | 737 | 737 | 737 | 737 | 737 | 737 | 1,618 | 1,637 | 1,668 |
| Swimming Pools | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Recreation Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation Center (sq ft) | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| Miles of Trails | 31 | 31 | 31 | 45 | 45 | 47 | 53 | 53 | 57 | 60 |
| Police Services: | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Animal Shelter (sq ft) | | | | | | | | | | |
| Streets: | | | | | | | | | | |
| Streets (miles) | 206 | 213 | 218 | 221 | 224 | 230 | 230 | 262 | 295 | 248 |
| Street Signs | - | - | - | - | - | - | - | 7,345 | 8,813 | 8,818 |
| Traffic Signals | 10 | 11 | 11 | 13 | 15 | 18 | 21 | 44 | 48 | 43 |
| Water: | | | | | | | | | | |
| Surface Water Treatment Plant | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Capacity (MGD) | 21 | 21 | 21 | 21 | 21 | 21 | 21 | 18 | 18 | 18 |
| Surface Water Reservoir (acres) | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 | 180 |
| Water lines (miles) | 211 | 224 | 238 | 245 | 265 | 271 | 268 | 282 | 224 | 233 |
| Wells in Operation | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 2 | 2 | 2 |
| Wastewater: | | | | | | | | | | |
| Wastewater lines (miles) | 202 | 216 | 226 | 231 | 240 | 240 | 267 | 283 | 223 | 235 |
| Wastewater Treatment Plants | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 1 |
| Capacity (MGD) | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 5 | 7 | 7 |

Sources: Various City departments

⁶ Previously budgeted in Wastewater

⁷ New function in FY 2022

⁸ Not New, but was included under water/wastewater before FY24

Source: City of Pflugerville Budget

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Independent Auditor's 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

To the Honorable Mayor and
Members of City Council
City of Pflugerville, 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 (*Government Auditing Standards*), the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Pflugerville, Texas (the "City") as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated **March XX, 2025**.

Report on Internal Control over Financial Reporting

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

Our consideration of internal control was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and questioned costs, we identified certain deficiencies in internal controls that we consider to be a material weakness and significant deficiency.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-002 to be a material weaknesses.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described in the accompanying schedule of findings and questioned costs as items 2024-001 to be a significant deficiency.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. 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*.

The Honorable Mayor and
Members of City Council
City of Pflugerville, Texas

The City's Response to Findings

Government Auditing Standards requires the auditor to perform limited procedures on the City's response to the findings identified in our audit and described in the accompanying schedule of findings and questioned costs. The City's response was not subjected to the other auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on the response.

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 City'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.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March XX, 2025

**Independent Auditor's Report on Compliance for Each Major Federal Program
and Report on Internal Control over Compliance
Required by the Uniform Guidance**

To the Honorable Mayor and
Members of City Council
City of Pflugerville, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the compliance of the City of Pflugerville, Texas (the "City") with the types of compliance requirements identified as subject to audit in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended September 30, 2024. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City 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 year ended September 30, 2024.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules and provisions of contracts or grant agreements applicable to the City's federal programs.

The Honorable Mayor and
Members of City Council
City of Pflugerville, Texas

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the City's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 and correct, 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 a combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a 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.

The Honorable Mayor and
Members of City Council
City of Pflugerville, Texas

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March XX, 2025

City of Pflugerville, Texas
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended September 30, 2024

| Federal Grantor/ Pass-Through Grantor/ Program Title | Federal Assistance Listing Number | Pass-Through Entity Identifying Number | Federal Expenditures |
|---|--|--|----------------------------|
| U.S. DEPARTMENT OF JUSTICE | | | |
| Passed through Office of Attorney General Missing Children's Assistance Program | 16.543 | 15PJDP-21-GK-03802-MECP | \$ 14,471 |
| Passed through Texas Office of the Governor - Criminal Justice Division Project Safe Neighborhoods | 16.609 | 4191603 | 70,000 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | 4744301 | <u>72,696</u> |
| TOTAL U.S. DEPARTMENT OF JUSTICE | | | 157,167 |
| TEXAS DEPARTMENT OF TRANSPORTATION | | | |
| Direct Program National Priority Safety Program | 20.616 | 2024-Pflugerville-IDM-00015 | <u>4,947</u> |
| TOTAL TEXAS DEPARTMENT OF TRANSPORTATION | | | 4,947 |
| U.S. DEPARTMENT OF TREASURY | | | |
| Direct Program COVID 19 - Coronavirus State and Local Fiscal Recovery Fund | 21.027 | N/A | <u>1,970,871</u> |
| TOTAL U.S. DEPARTMENT OF TREASURY | | | <u>1,970,871</u> |
| TOTAL EXPENDITURES OF FEDERAL AWARDS | | | <u><u>\$ 2,132,985</u></u> |

The Notes to the Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of Pflugerville, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended September 30, 2024

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards (the "Schedule") includes the federal award activity of the City of Pflugerville, Texas (the "City"). The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

Expenditures reported on the accompanying schedule of expenditures of federal awards are presented on the modified accrual basis of accounting. This basis of accounting recognizes expenditures in the accounting period in which the liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and, accordingly, when such funds are received, they are recorded as unearned revenues until earned. Generally, unused balances are returned to the grantor at the close of the specified project periods.

Note 2. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Relationship to Federal Financial Reports

Grant expenditure reports which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

City of Pflugerville, Texas

Schedule of Findings and Questioned Cost
 For the Fiscal Year Ended September 30, 2024

Section 1. Summary of Auditor's Results

Financial Statements

- | | |
|---|------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weaknesses identified? | Yes |
| b. Significant deficiencies identified that are not considered to be material weaknesses? | Yes |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---------------|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None Reported |
| 5. Type of auditor's report issued on compliance with major programs: | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Uniform Guidance? | No |
| 7. Identification of major programs: | |

| <u>Federal Assistance Listing Number(s) Program</u> | <u>Name of Federal</u> |
|---|---|
| 21.027 | COVID-19 – 2021 Coronavirus Local Fiscal Recovery Funds (CLFRF) |

- | | |
|---|-----------|
| 8. Dollar threshold used to distinguish between Type A and Type B federal programs: | \$750,000 |
| 9. Auditee qualified as a low-risk auditee? | Yes |

City of Pflugerville, Texas

Schedule of Findings and Questioned Cost
For the Fiscal Year Ended September 30, 2024

Section 2. Financial Statement Findings

2024-001

Significant Deficiency in Internal Control over Financial Reporting: Segregation of Duties

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information, and for establishing and maintaining effective internal control over financial reporting. A lack of segregation of duties over financial reporting is an indication of a deficiency in internal control.

Condition

During the audit of the entity's financial statements, the design and operating effectiveness of certain key controls were tested over cash disbursements and the payroll process. Audit procedures identified that the accounting manager has access to create and approve new vendors and issue checks up to \$10,000 without additional approval. The accounting manager also has the ability to change employee information, initiate pay cycles and authorize payments. Additionally, the finance director has the ability to post journal entries to the accounting system without review from another employee.

Cause

The City has had turnover in recent years in key financial management positions. Additionally, a new general ledger accounting system was implemented in fiscal year 2024. The City did not have policies and procedures in place, nor consistent personnel with adequate knowledge, to implement proper segregation of duties and related management review and authorizations throughout the year over processing of cash disbursements and the payroll process.

Effect or Potential Effect

Failure to establish and implement effective policies and procedures for segregation of duties in accounting functions results in a significant risk of material errors and fraud. Segregation of duties is critical to effective internal control because it reduces the risk of mistakes and inappropriate actions through dividing responsibilities within accounting processes. Appropriately defined responsibilities and access rights of various job roles helps prevent conflicts of interest, safeguarding of assets, and enhances the accuracy and integrity of financial data. Additional audit procedures were performed to identify instances in which the accounting manager created fraudulent vendors or employees, and no such instances were found. However, the potential for unauthorized payments still exists.

Recommendation

We recommend that the City review its internal control procedures over segregation of duties in key financial management positions. Different people should authorize, receive and pay for goods and services, as well authorize the setup of new vendors. Additionally, separate individuals or teams should handle payroll preparation, approval, distribution, and reconciliation, as well as process new employees, termination of employees, and changes in payrates, etc.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan

City of Pflugerville, Texas

Schedule of Findings and Questioned Cost
For the Fiscal Year Ended September 30, 2024

2024-002

Material Weakness in Internal Control over Financial Reporting: Year End Reporting Entries

Criteria

Management is responsible for the accuracy and completeness of all financial records and related information, and for establishing and maintaining effective internal control over financial reporting. The existence of misstatements of an entity's financial statements is an indication of a deficiency in internal control.

Condition

During the audit of the entity's financial statements, material entries were required to be made in regard to the recording of construction retainage and notes payable. The City did not properly record retainage related to ongoing construction projects resulting in a misstatement of approximately \$9,062,000 in the Water/Wastewater fund. Additionally, the City has an agreement with the Pflugerville Community Development Corporation (the PCDC) that calls for annual contributions to fund debt service payments for certain bonds issued by the City on behalf of the PCDC. Total outstanding principal on the note that was not initially recorded was approximately \$37,800,000 as of September 30, 2024.

Beginning net position of the water/wastewater and solid waste funds were restated to correct misclassifications of utility accounts receivable for the year ended September 30, 2023. The restatement was a reclassification of net position between the two funds of approximately \$1,000,000.

Cause

The City did not have policies and procedures in place to properly identify and accrue the retainage and note payable balances. Additionally, when establishing the Solid Waste fund in fiscal year 2022, management did not transfer the outstanding accounts receivables balance related to solid waste services from the water/wastewater fund to the solid waste fund. Because these errors were not detected timely, there is an indication that closing procedures, specifically the monitoring and review of financial information, were not being effectively performed. Additionally, the City had turnover in recent years in key financial management positions in which these errors and lack of procedures were discovered.

Effect or Potential Effect

Material misstatement of the entity's financial statements was not prevented or detected and corrected by the entity's system of internal control. Failure to establish effective monitoring and closing procedures will allow possible irregularities to exist and continue without notice.

Recommendation

We recommend that the City review its internal control procedures over financial reporting, particularly in regard to retainage and significant year-end closing balances in order to timely and accurately capture and record all entries.

Views of Responsible Officials and Planned Corrective Actions

See corrective action plan.

City of Pflugerville, Texas

Schedule of Findings and Questioned Cost
For the Fiscal Year Ended September 30, 2024

Section 3. Federal Award Findings and Questioned Costs

None reported.

Section 4. Schedule of Prior Audit Findings and Questioned Costs

None reported.



Corrective Action Plan 2024-001

The finance department has addressed the security access for the Accounting Manager regarding vendor setup and is working on segregation of duties on the payroll side. The finance team is working with our People and Culture department to identify those functions that need to be separated.

We have already removed the posting ability for all staff entering journal entries. There is now a review and approval process separate from the creation.

Anticipated Completion Date

April 30, 2025

Person(s) Responsible for Implementing

Tracy Waldron, Finance Director

Corrective Action Plan 2024-002

The finance department has started the process of setting up the new software to accurately track and record retainage at the contract level. This will eliminate a separate calculation to be performed at year-end.

The finance department will put together a procedure to review all transactions during the year for accurate recording of items such as notes payables and accounts receivable. These will be reconciled and adjustments entered as needed.

Anticipated Completion Date

May 31, 2025

Person(s) Responsible for Implementing

Tracy Waldron, Finance Director