



**Annual Comprehensive Financial Report**  
**Fiscal Year Ended September 30, 2022**



*where quality meets life*

**PFLUGERVILLE**  
TEXAS



**CITY OF PFLUGERVILLE, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2022**

**Prepared by:**  
**Department of Finance**



**CITY OF PFLUGERVILLE, TEXAS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

TABLE OF CONTENTS

	<b><u>Page Number</u></b>
<b>INTRODUCTORY SECTION</b>	
Letter of Transmittal .....	11 – 17
Organizational Chart .....	18
Principal City Officials.....	19
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report.....	23 – 25
Management's Discussion and Analysis .....	26 – 34
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Position .....	36 – 37
Statement of Activities .....	38 – 39
Fund Financial Statements:	
Balance Sheet – Governmental Funds.....	40
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position .....	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds.....	42
Reconciliation of the Statement of Revenues, Expenditures And Changes in Fund Balances of Governmental Funds to the Statement of Activities .....	43
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual - General Fund.....	44 – 45
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual – Special Revenue.....	46
Statement of Net Position – Proprietary Funds .....	48 – 49
Statement of Revenues, Expenses and Changes in Fund Net Position – Proprietary Funds .....	50
Statement of Cash Flows – Proprietary Funds.....	51 – 52
Notes to Financial Statements .....	54 – 83

Required Supplemental Information:

Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System .....	86
Schedule of Contributions – Texas Municipal Retirement System .....	87
Schedule of Changes in Total OPEB Liability and Related Ratios – Postemployment Health Care Benefits .....	88
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System - Supplemental Death Benefits Fund.....	89

**STATISTICAL SECTION**

Net Position by Components .....	94
Changes in Net Position .....	95 – 96
Fund Balances of Governmental Funds .....	97
Governmental Activities Tax Revenues by Source .....	98
Changes in Fund Balances of Governmental Funds .....	99 – 100
Assessed and Estimated Actual Value of Taxable Property .....	101
Property Tax Rates - Direct and Overlapping Governments .....	102
Water and Wastewater Rates .....	103
Principal Property Taxpayers .....	104
Water and Wastewater Customers .....	105
Property Tax Levies and Collections .....	106
Water and Wastewater Revenue Collected .....	107
Ratios of Outstanding Debt by Type .....	108
General Bonded Debt Outstanding .....	109
Direct and Overlapping Governmental Activities Debt .....	110
Legal Debt Margin Information .....	111
Revenue Bond Coverage .....	112
Demographic Statistics .....	113
Principal Employers .....	114
Water and Wastewater Customers by Type .....	115
Full Time Equivalent Employees by Function .....	116
Operating Indicators by Function .....	117 – 118

Capital Assets by Function .....	119
<b>SINGLE AUDIT SECTION</b>	
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 <i>Government Auditing Standards</i> .....	122 – 123
Independent Auditor’s Report on Compliance for Each Major Program and Report on Internal Control Over Compliance in Accordance with the Uniform Guidance.....	124 – 125
Schedule of Expenditures of Federal Awards .....	126
Notes to Schedule of Expenditures of Federal Awards .....	127
Schedule of Findings and Questioned Costs .....	128
Summary Schedule of Prior Audit Findings .....	129





## **INTRODUCTORY SECTION**





March 28, 2023

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, 2022, 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, 2022.

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.

Pattillo, Brown & Hill, 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, 2022. 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 2022, the City's Planning Department has estimated a total population of 77,629. This growth is expected to continue, although the pace may be slowing slightly.

### **Profile of the City** (continued)

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 other 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.

The City of Pflugerville provides a range of services: police protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; water and wastewater service; and contractual solid waste service. Economic development activities are provided through a legally separate corporation, Pflugerville Community Development Corporation, reported separately within the City of Pflugerville's financial statements. 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 is at the department level.

### **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 are: 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 ensure resiliency and operability at all times.
- 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.

### **Strategic Plan** (continued)

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. The City of Pflugerville was originally a farming community, developed into a bedroom community, and is now an urban suburb. 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. The City has traditionally relied heavily on revenues from residential property taxes for general fund operating and debt service expenditures.

According to the U.S. Census, the City's population increased from 48,370 in 2010 to an estimated 65,380 (35%) in 2019. The City's Planning Department currently approximates the population at 77,629 and anticipates continuing growth with a projected population between 88,700 and 94,200 by 2025. 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.

As the region continues to see record job growth to the east and north of downtown Austin, these two corridors position 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.

The Austin Executive Airport is located within 10 miles of the site attracting class-A offices and companies.

#### **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.

## **Local Economy** (continued)

### **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 2022, the unassigned fund balance in the general fund was 63% 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. Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to a 35% target level.

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 2023, the City Council is on track to adopt 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.

### **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.

### **Long-term Financial Planning** (continued)

- **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.

- **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 Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Annual Comprehensive Financial Report for the fiscal year ending September 30, 2021 is still under review by the Government Finance Officers Association (GFOA). To be awarded a Certificate of Achievement, the City has to publish an easily readable and efficiently organized Annual Comprehensive 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 Annual Comprehensive 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.

In addition, the City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its summary financial document for the fiscal year ending September 30, 2021. To apply for the PAFR, the City must first have received the Certificate Achievement for Excellence in Financial Reporting.

### **Awards and Acknowledgements** (continued)

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2021. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged 'proficient' as a policy document, a financial plan, an operations guide, and a communications device.

The Pflugerville Library received a 2021 Achievement of Excellence Award from the Texas Municipal Library Directors Association. With this 11th consecutive honor, they are in the top 10% of all public libraries in Texas. They also were a finalist for the 2022 National Medal for Museum and Library Service by the Institute of Museum and Library Services. This is the nation's highest honor given to museums and libraries that demonstrate excellence in service to their communities.

Keep Pflugerville Beautiful was recognized as a Gold Star Affiliate by Keep Texas Beautiful.

The Parks and Recreation team received a Marketing and Conservation award at the Texas Recreation and Parks Society conference.

The Pflugerville Chamber of Commerce presented its prestigious Lifetime Achievement Award to Mayor Victor Gonzales in recognition of his leadership and public service.

The Communications team is the proud recipient of an Award of Excellence from the City-County Communications and Marketing Association for the Key to the City weekly e-newsletter.

Texas Association of Municipal Information Officers awarded Pflugerville a TAMI in the Print External Newsletter category for the 2021 Year in Review.

The Arbor Day Foundation named Pflugerville a Tree City USA city for the 15th consecutive year.

Pflugerville won the Best Tasting Water in the state of Texas in the Surface Water Category from the Texas Water Utilities Association.

The Aspire Pflugerville 2040 Comprehensive Plan received the 2022 Planning Excellence Award from the American Planning Association.

For the 10th consecutive year, the Texas Chapter of the American Planning Association recognized Pflugerville's Planning and Development Services Department for planning excellence. Pflugerville was one of only 45 cities in Texas to receive Richard R. Lillie, FAICP Planning Excellence Recognition.

### **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 department who assisted and contributed to its presentation. Additionally, we would like to express our appreciation to the staff at Pattillo, Brown & Hill, L.L.P. for their assistance and input in the preparation of this document.

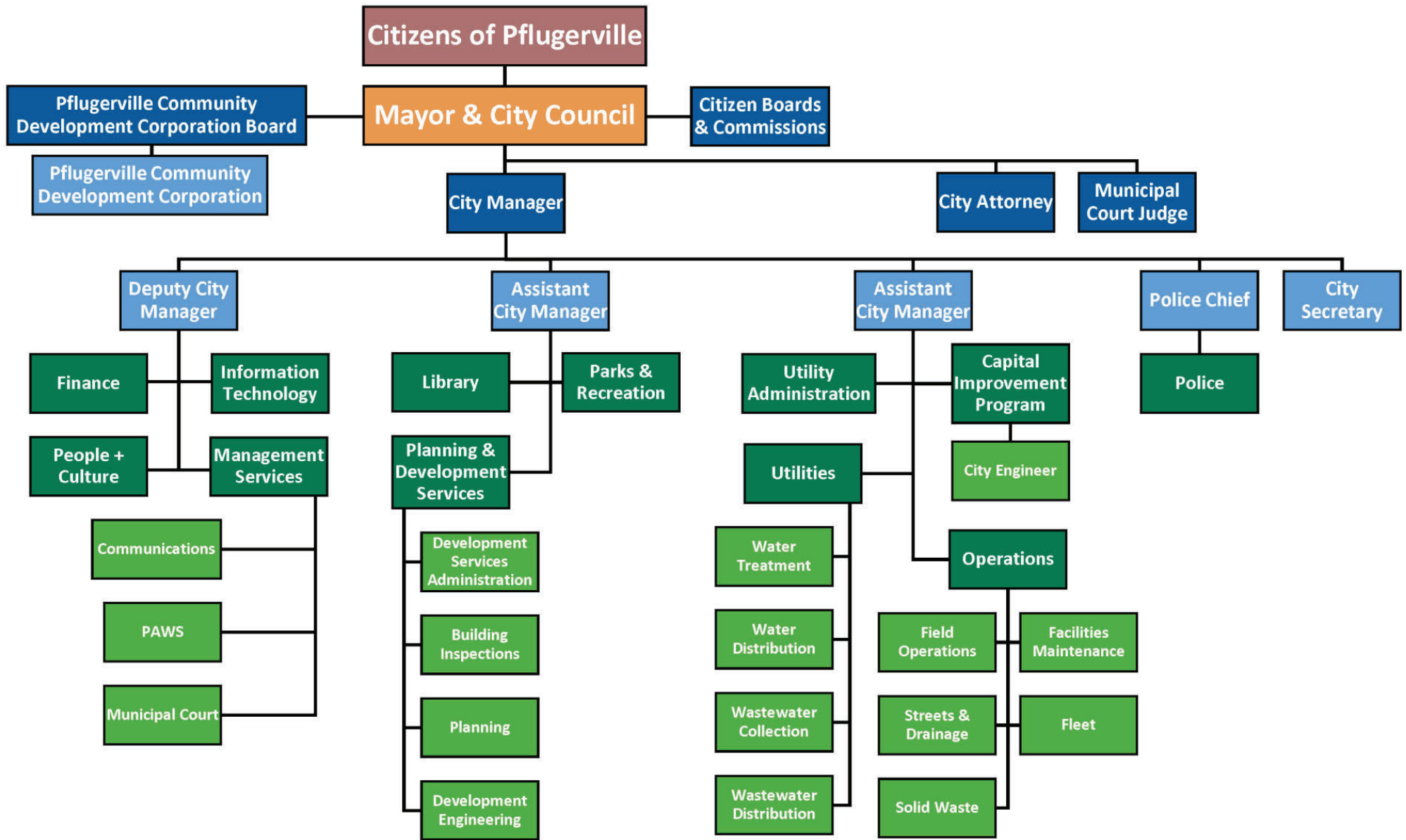
We would also like to thank the City Manager, Deputy City Manager, Mayor and City Council for their unfailing support in maintaining the highest standards of professionalism in the management of the City of Pflugerville's finances. The preparation of this report would not be possible without their leadership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



Respectfully submitted,

A handwritten signature in blue ink that reads "M Moore". The "M" is large and stylized, followed by "Moore" in a cursive script.

Melissa Moore  
Finance Director



**City of Pflugerville, Texas**  
**List of Elected and Appointed Officials**  
**September 30, 2022**

**Elected Officials**

**City Council (Three-Year Terms)**

Name	Term Expires
Victor Gonzales, Mayor	November 2022
Doug Weiss, Place 1	November 2022
Cesar Ruiz, Place 2	November 2023
Kimberly Holiday, Place 3	November 2024
Rudy Metayer, Place 4	November 2023
Jim McDonald, Place 5	November 2024
David Rogers, Place 6	November 2023

**City Staff**

Position	Name
City Manager	Sereniah Breland
Deputy City Manager	James Hartshorn
Assistant City Manager	Emily Barron
Assistant City Manager	Thomas Hunter
Police Chief	Jason O'Malley
City Secretary	Trista Evans
Communications Director	Brent Dollar



## **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Audit of the Financial Statements

#### **Opinions**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pflugerville, Texas (the "City"), as of and for the year ended September 30, 2022, and the 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 financial statements present fairly, in all material respects, the respective financial position 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 as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof 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 - Change of Accounting Principle**

As discussed in the notes to the financial statements, in the year ending September 30, 2022, the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

#### **Responsibilities of Management for the Financial Statements**

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 one year after the date that the financial statements are issued.

## ***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 certain pension and OPEB information 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 the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***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 schedule of expenditures of federal awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* is presented for purposes of additional analysis and is not a required part of the basic financial statements.



The schedule of expenditures of federal awards is the responsibility of management and was derived from and relates 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

**Other Information**

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory and statistical sections, but does not include the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 28, 2023, 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.

Waco, Texas  
March 28, 2023

## **City of Pflugerville, Texas 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, 2022. 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 11 - 17 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, 2022, by \$344,561,198 (net position). Of this amount, \$81,328,759 (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 \$170,165,768, an increase of \$55,828,842 in comparison with the prior year. Most of this increase can be attributed to the issuance of debt during the fiscal year.
- At the end of the 2021-2022 fiscal year, unassigned fund balance in the general fund was \$29,165,187 or 63% of general fund operating expenditures. The City Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2022, that amount was \$11.5 million.
- The City's total bonded debt increased by \$172,161,354 (52%) 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 is 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 36 - 39 of this report.

## **Fund Financial Statements**

A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, 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 special revenue fund, the debt service fund, and the capital projects fund, which are considered to be major funds.

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

The basic governmental fund financial statements can be found on pages 40 - 46 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 only one enterprise fund (the utility fund) and no internal service funds.

The City's enterprise fund is 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 fund to account for its water, wastewater, and solid waste services. The basic proprietary fund financial statements can be found on pages 48 - 52 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 54 - 83.

**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 86 - 89.

## 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		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 201,863,886	\$ 136,145,712	\$ 156,285,972	\$ 60,441,611	\$ 358,149,858	\$ 196,587,323
Capital assets	<u>280,307,201</u>	<u>250,555,182</u>	<u>304,097,598</u>	<u>261,827,042</u>	<u>584,404,799</u>	<u>512,382,224</u>
Total assets	<u>482,171,087</u>	<u>386,700,894</u>	<u>460,383,570</u>	<u>322,268,653</u>	<u>942,554,657</u>	<u>708,969,547</u>
Deferred outflows	<u>9,005,660</u>	<u>8,053,890</u>	<u>3,365,752</u>	<u>3,470,360</u>	<u>12,371,412</u>	<u>11,524,250</u>
Long-term liabilities	295,034,032	236,163,265	266,961,680	144,323,448	561,995,712	380,486,713
Other liabilities	<u>31,902,892</u>	<u>20,482,819</u>	<u>10,610,403</u>	<u>9,111,363</u>	<u>42,513,295</u>	<u>29,594,182</u>
Total liabilities	<u>326,936,924</u>	<u>256,646,084</u>	<u>277,572,083</u>	<u>153,434,811</u>	<u>604,509,007</u>	<u>410,080,895</u>
Deferred inflows	<u>4,945,831</u>	<u>2,371,631</u>	<u>910,033</u>	<u>416,883</u>	<u>5,855,864</u>	<u>2,788,514</u>
Net Position:						
Net investment in capital assets	104,409,728	109,359,679	119,752,665	138,735,824	224,162,393	248,095,503
Restricted	<u>7,976,285</u>	<u>7,074,803</u>	<u>31,093,761</u>	<u>23,526,269</u>	<u>39,070,046</u>	<u>30,601,072</u>
Unrestricted	<u>46,907,979</u>	<u>19,302,587</u>	<u>34,420,780</u>	<u>9,625,226</u>	<u>81,328,759</u>	<u>28,927,813</u>
Total Net Position	\$ <u>159,293,992</u>	\$ <u>135,737,069</u>	\$ <u>185,267,206</u>	\$ <u>171,887,319</u>	\$ <u>344,561,198</u>	\$ <u>307,624,388</u>

### **City of Pflugerville - Net Position**

- A portion of the City's net position, \$39,070,046 (11%), represents resources that are subject to external restrictions on how they may be used. The unrestricted net position, \$81,328,759 (24%), may be used to meet the City's ongoing obligations to citizens and creditors.
- Net investment in capital assets decreased in the governmental activities due primarily to depreciation expense. 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 separate governmental and business-type 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, 2022.

**City of Pflugerville - Changes in Net Position**

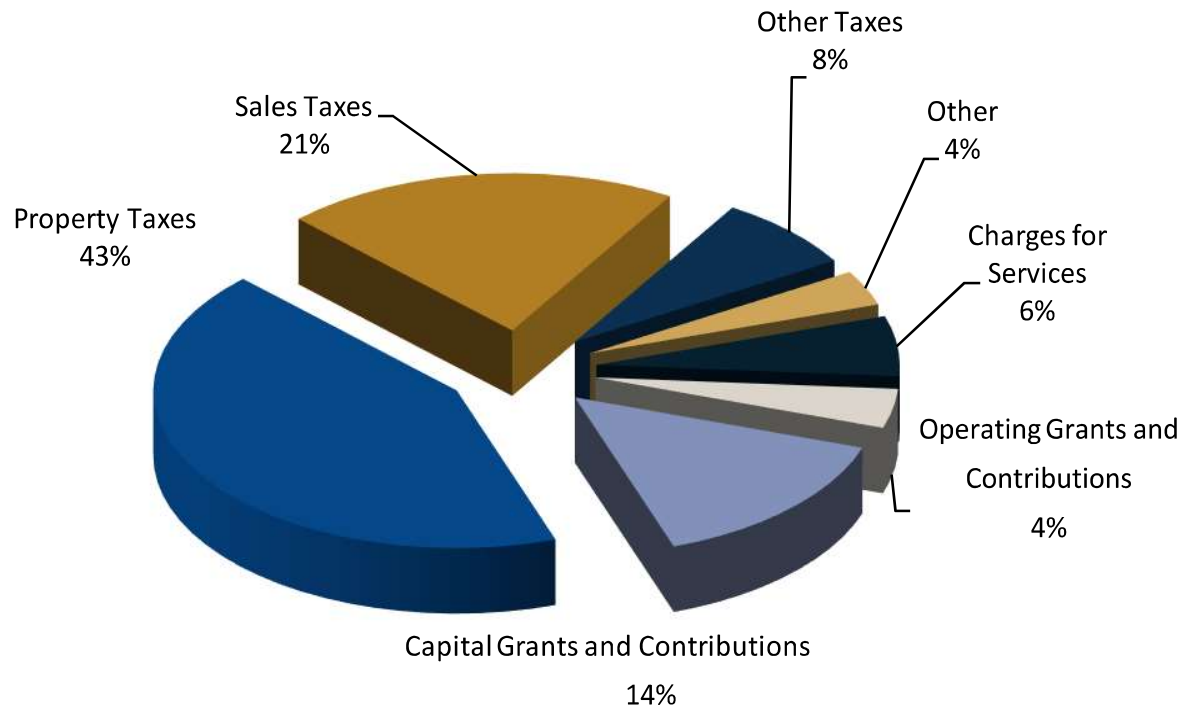
	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 5,277,643	\$ 5,373,148	\$ 47,600,238	\$ 42,094,308	\$ 52,877,881	\$ 47,467,456
Operating grants and contributions	3,437,953	3,680,961	-	-	3,437,953	3,680,961
Capital grants and contributions	12,416,599	892,547	12,834,324	13,630,847	25,250,923	14,523,394
General revenues:						
Property taxes	36,575,632	32,643,859	-	-	36,575,632	32,643,859
Other taxes	24,609,637	21,379,249	-	-	24,609,637	21,379,249
Other	3,092,960	1,780,049	853,272	131,663	3,946,232	1,911,712
Total revenues	<u>85,410,424</u>	<u>65,749,813</u>	<u>61,287,834</u>	<u>55,856,818</u>	<u>146,698,258</u>	<u>121,606,631</u>
<b>Expenses:</b>						
General government	21,545,595	15,074,548	-	-	21,545,595	15,074,548
Public safety	16,448,467	16,866,513	-	-	16,448,467	16,866,513
Public works and streets	22,609,839	25,359,135	-	-	22,609,839	25,359,135
Culture and recreation	8,533,584	6,866,887	-	-	8,533,584	6,866,887
Interest on long-term debt	8,244,694	6,955,409	-	-	8,244,694	6,955,409
Water and wastewater	-	-	38,481,499	30,104,349	38,481,499	30,104,349
Solid waste	-	-	7,011,917	6,432,350	7,011,917	6,432,350
Total expenses	<u>77,382,179</u>	<u>71,122,492</u>	<u>45,493,416</u>	<u>36,536,699</u>	<u>122,875,595</u>	<u>107,659,191</u>
<b>Increases in net position before transfers</b>						
	8,028,245	( 5,372,679)	15,794,418	19,320,119	23,822,663	13,947,440
<b>Transfers</b>						
	<u>2,414,531</u>	<u>750,000</u>	<u>( 2,414,531)</u>	<u>( 750,000)</u>	<u>-</u>	<u>-</u>
<b>Change in net position</b>						
	10,442,776	( 4,622,679)	13,379,887	18,570,119	23,822,663	13,947,440
<b>Net position, beginning</b>						
	<u>135,737,069</u>	<u>140,359,748</u>	<u>171,887,319</u>	<u>153,317,200</u>	<u>307,624,388</u>	<u>293,676,948</u>
<b>Prior period adjustment</b>						
	<u>13,114,147</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,114,147</u>	<u>-</u>
<b>Net position, ending</b>						
	<u>\$ 159,293,992</u>	<u>\$ 135,737,069</u>	<u>\$ 185,267,206</u>	<u>\$ 171,887,319</u>	<u>\$ 344,561,198</u>	<u>\$ 307,624,388</u>

**Revenues**

- Property tax revenue, including penalties and interest, increased 12% (\$3,931,773) during this fiscal year. This was due to an increase in appraised value on new and existing property in the City.
- Property tax revenue accounts for 43% of total revenues for governmental activities.
- The ad valorem tax rate for fiscal year 2022 was \$0.4863 per \$100 of assessed valuation. This was the same rate as the previous year.
- Sales tax revenue was \$18 million for fiscal year 2022, an increase of 12% over the prior year. Sales tax revenue constitutes 23% of the total revenue for governmental activities.
- Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled \$7 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.

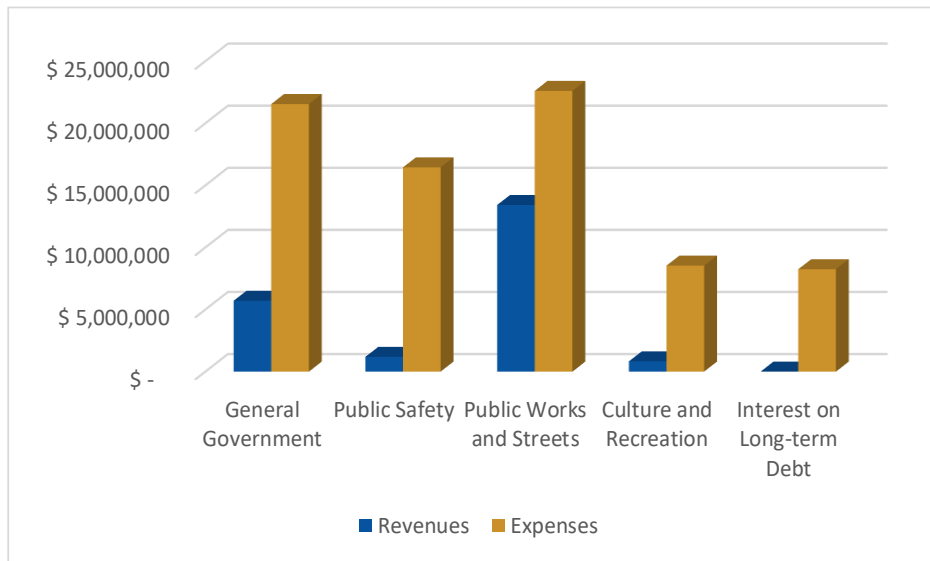
- **Governmental activities program revenue** was \$21 million. Charges for services are the largest component of this revenue category. These are comprised primarily of development and building inspection fees, parks and pool fees, and court fines.
- **Business-type activities program revenue** totaled \$60 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 \$13 million of revenue during fiscal year 2022.

### Governmental Activities Revenues



## Expenses

**Governmental activities.** The expenses in the chart below include depreciation expense through all functions. Depreciation expense totaled \$20,313,452. Removing depreciation expense, the operating expenditures for governmental activities increased by 9% in fiscal year 2022. Increased personnel costs due to increasing the City headcount attributed to the overall increase.



**Business-type activities.** Business-type activities increased the City's net position by \$13 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 13% during fiscal year 2022 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 the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$170,165,768, an increase of \$55,828,842 in comparison with the fiscal year beginning fund balance. Operating revenues increased and the City issued new bonds. Approximately 17% of this total amount (\$29 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 (\$131,256,998); debt service (\$5,325,986); and specific programs in the special revenue fund (\$3,813,040).

In addition, funds have been assigned by the City Council (\$604,557) 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 \$29,165,187. 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 63% of total general fund expenditures.

The fund balance of the City's general fund increased by \$445,120 during fiscal year 2022. General fund property tax revenue increased 3% from fiscal year 2021 due to higher average residential value within the City and growth from new construction. Sales tax revenue increased 12% during fiscal 2022 to \$18 million as new retail continues to develop within the City.

The special revenue fund is 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), and reimbursements for the Community Development Block Grant (CDBG). The largest portion of revenues from this fund comes from property taxes received from the TIRZ. The largest portion of expenditures from this fund comes from CDBG-related expenditures.

Special revenue funds were also 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, 2022, this fund had a total balance of \$5,325,986.

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 multiple Pecan Street Intersection improvements, subdivision streets reconstruction, Old Austin Hutto Road widening and roundabout, a new Justice Center Evidence Storage Facility, and park development including Lake Pflugerville Phase 1. The increase in fund balance is attributable to the \$124.8 million bond issue (bond proceeds) that the City has yet to spend.

*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 utility fund at the end of the year amounted to \$34,420,780. The total growth in net position was \$13,379,887. This increase in net position was composed primarily of increased revenues in water and wastewater sales due to growth, increased demand and service fees.

### **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 2022. These amendments increased the overall budgeted expenditures by \$2,038,964 from the original budget, an increase of 4%.

The largest increase in budgetary expenditures were in facilities, information technology, and parks and recreation.

Total revenues exceeded budget by \$1.9 million. The largest variance was in intergovernmental revenues, which exceeded budget by \$833,034. Expenditures came in \$5.8 million under budgeted amounts. The largest variance in expenditures occurred in streets and drainage (pavement maintenance program), which came in \$2.5 million under budget.

### **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, 2022, amounts to \$584,404,799, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, software, park facilities, streets, water and wastewater facilities, and infrastructure.

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

- Land for the downtown east project
- Street & drainage infrastructure
- New and continued construction on Old Austin-Hutto Rd, Pecan @ 685 turn lane, Kelly Lane, Heatherwilde, Grand Avenue Parkway, S. Heatherwilde, and various other road and City improvements.
- Construction continues on the central wastewater treatment plant capacity expansion, 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



## Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 23,348,180	\$ 13,983,390	\$ 8,289,161	\$ 8,289,161	\$ 31,637,341	\$ 22,272,551
Service rights	-	-	3,843,758	3,843,758	3,843,758	3,843,758
Buildings and improvements	29,445,608	34,016,518	7,424,738	7,891,183	36,870,346	41,907,701
Machinery and equipment	5,379,941	5,552,807	1,743,670	1,877,489	7,123,611	7,430,296
Right of use assets	445,112	-	-	-	445,112	-
Software	740,652	814,718	-	-	740,652	814,718
Infrastructure	189,012,024	182,949,647	183,842,357	179,839,436	372,854,381	362,789,083
Construction in progress	<u>31,935,684</u>	<u>13,238,102</u>	<u>98,953,914</u>	<u>60,086,015</u>	<u>130,889,598</u>	<u>73,324,117</u>
Total capital assets	<u>\$ 280,307,201</u>	<u>\$ 250,555,182</u>	<u>\$ 304,097,598</u>	<u>\$ 261,827,042</u>	<u>\$ 584,404,799</u>	<u>\$ 512,382,224</u>

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 VI to the financial statements.

**Long-term Debt.** As of September 30, 2022, the City had total bonded debt outstanding of \$505,171,354 secured by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Limited tax bonds	\$ 113,305,000	\$ 71,065,000	\$ -	\$ -	\$ 113,305,000	\$ 71,065,000
Limited tax refunding bonds	31,703,045	33,166,088	37,337,069	40,248,912	69,040,114	73,415,000
Limited tax and refunding bonds	57,079,000	58,804,200	9,581,000	10,095,800	66,660,000	68,900,000
Certificates of obligation	57,232,452	42,260,822	132,183,788	77,369,178	189,416,240	119,630,000
Revenue Bonds	-	-	<u>66,750,000</u>	-	<u>66,750,000</u>	-
Total	<u>\$ 259,319,497</u>	<u>\$ 205,296,110</u>	<u>\$ 245,851,857</u>	<u>\$ 127,713,890</u>	<u>\$ 505,171,354</u>	<u>\$ 333,010,000</u>

The City's total debt outstanding increased by \$172,161,354 (52%) 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 2022 debt levy equaled \$0.1996 per \$100 assessed valuation, or 13.3% of the maximum allowed.

Additional information about the City's long-term debt is presented in Note VI 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 2023 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 2023 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 \$21 million in sales tax revenue for fiscal year 2023. The City'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 \$24.5 million, or 41% of the funds' revenue. Year-over-year the general fund will realize a decline in property tax revenue as the increase in overall tax levy will be realized in the repayment of general obligation debt payments in the debt service fund (I&S portion of the tax rate). The adopted tax rate for the City decreased to \$.4813 per \$100 of valuation. The M&O (maintenance and operations) portion of the tax rate is the portion that funds the general fund.

In alignment with the 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](http://www.pflugervilletx.gov)  
[finance@pflugervilletx.gov](mailto:finance@pflugervilletx.gov)

## **BASIC FINANCIAL STATEMENTS**

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF NET POSITION**

SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 47,347,270	\$ 10,288,646	\$ 57,635,916	\$ 18,746,024
Receivables (net of allowance)	6,381,597	6,257,589	12,639,186	1,593,531
Internal balances	5,663,326	( 5,663,326)	-	-
Due from component unit	186,876	-	186,876	-
Restricted assets:				
Restricted cash and investments	142,284,817	145,403,063	287,687,880	-
Lease receivable	-	-	-	14,215,865
Prepaid items	-	-	-	10,000
Capital assets, not being depreciated:				
Land	23,348,180	8,289,161	31,637,341	8,481,672
Water rights	-	3,843,758	3,843,758	-
Construction in progress	31,935,684	98,953,914	130,889,598	-
Capital assets, net of depreciation:				
Buildings and improvements	29,445,608	7,424,738	36,870,346	4,812,466
Machinery and equipment	5,379,941	1,743,670	7,123,611	4,520,581
Right to use assets	445,112	-	445,112	360,408
Software	740,652	-	740,652	-
Infrastructure and system	189,012,024	183,842,357	372,854,381	-
Total assets	<u>482,171,087</u>	<u>460,383,570</u>	<u>942,554,657</u>	<u>52,740,547</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions	3,725,985	741,087	4,467,072	-
Related to OPEB - retiree health plan	236,376	47,015	283,391	-
Related to OPEB - TMRS supplemental death benefit	234,348	46,611	280,959	-
Deferred charge on refunding	4,808,951	2,531,039	7,339,990	-
Total deferred outflows of resources	<u>9,005,660</u>	<u>3,365,752</u>	<u>12,371,412</u>	<u>-</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION (continued)

SEPTEMBER 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>LIABILITIES</b>				
Accounts payable	\$ 7,138,293	\$ 8,539,982	\$ 15,678,275	\$ 567,171
Wages payable	902,725	196,414	1,099,139	-
Due to primary government	-	-	-	186,876
Escrow payable	16,607,658	-	16,607,658	-
Accrued interest payable	1,711,531	1,167,118	2,878,649	409,081
Unearned revenue	5,542,685	-	5,542,685	-
Customer deposits	-	706,889	706,889	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	9,477,444	7,358,710	16,836,154	973,203
Total OPEB liability - retiree health plan	22,733	4,793	27,526	-
Total OPEB liability - supplemental death benefit	3,583	2,344	5,927	-
Due in more than one year:				
Long-term debt	277,887,743	258,077,660	535,965,403	20,142,622
Net pension liability	5,851,899	1,163,925	7,015,824	-
Total OPEB liability - retiree health plan	783,204	155,505	938,709	-
Total OPEB liability - supplemental death benefit	1,007,426	198,743	1,206,169	-
Total liabilities	<u>326,936,924</u>	<u>277,572,083</u>	<u>604,509,007</u>	<u>22,278,953</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to leases	370,433	-	370,433	14,829,638
Related to pensions	4,159,384	827,289	4,986,673	-
Related to OPEB - TMRs supplemental death benefit	30,133	5,993	36,126	-
Related to OPEB - retiree health plan	<u>385,881</u>	<u>76,751</u>	<u>462,632</u>	<u>-</u>
Total deferred inflows of resources	<u>4,945,831</u>	<u>910,033</u>	<u>5,855,864</u>	<u>14,829,638</u>
<b>NET POSITION</b>				
Net investment in capital assets	104,409,728	119,752,665	224,162,393	( 2,940,698)
Restricted for capital projects	-	31,093,761	31,093,761	-
Restricted for specific programs	4,174,207	-	4,174,207	-
Restricted for debt service	3,802,078	-	3,802,078	-
Restricted for economic development	-	-	-	18,572,654
Unrestricted	<u>46,907,979</u>	<u>34,420,780</u>	<u>81,328,759</u>	<u>-</u>
Total net position	<u>\$ 159,293,992</u>	<u>\$ 185,267,206</u>	<u>\$ 344,561,198</u>	<u>\$ 15,631,956</u>

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government:</b>				
Governmental activities:				
General government	\$ 21,545,595	\$ 3,727,664	\$ 1,975,435	\$ -
Public safety	16,448,467	905,031	282,641	-
Public works and streets	22,609,839	-	1,000,000	12,416,599
Culture and recreation	8,533,584	644,948	179,877	-
Interest and fiscal charges	8,244,694	-	-	-
Total governmental activities	<u>77,382,179</u>	<u>5,277,643</u>	<u>3,437,953</u>	<u>12,416,599</u>
Business-type activities:				
Water and wastewater	38,481,499	40,347,810	-	12,834,324
Solid waste	7,011,917	7,252,428	-	-
Total business-type activities	<u>45,493,416</u>	<u>47,600,238</u>	<u>-</u>	<u>12,834,324</u>
Total primary government	<u>\$ 122,875,595</u>	<u>\$ 52,877,881</u>	<u>\$ 3,437,953</u>	<u>\$ 25,250,923</u>
<b>Component unit:</b>				
Pflugerville Community Development Corporation	<u>\$ 6,493,954</u>	<u>\$ 912,593</u>	<u>\$ -</u>	<u>\$ -</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF ACTIVITIES (continued)

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Net (Expense) Revenue and Changes in Net Position			Component Unit Pflugerville Community Development Corporation
	Primary Government			
	Governmental Activities	Business-type Activities	Total	
<b>Primary government:</b>				
Governmental activities:				
General government	\$( 15,842,496)	\$ -	\$( 15,842,496)	
Public safety	( 15,260,795)	-	( 15,260,795)	
Public works and streets	( 9,193,240)	-	( 9,193,240)	
Culture and recreation	( 7,708,759)	-	( 7,708,759)	
Interest and fiscal charges	( 8,244,694)	-	( 8,244,694)	
Total governmental activities	<u>( 56,249,984)</u>	<u>-</u>	<u>( 56,249,984)</u>	
Business-type activities:				
Water and wastewater	-	14,700,635	14,700,635	
Solid waste	-	240,511	240,511	
Total business-type activities	<u>-</u>	<u>14,941,146</u>	<u>14,941,146</u>	
Total primary government	<u>( 56,249,984)</u>	<u>14,941,146</u>	<u>( 41,308,838)</u>	
<b>Component unit:</b>				
Pflugerville Community Development Corporation				<u>\$( 5,581,361)</u>
<b>General revenues:</b>				
Taxes:				
Property	36,575,632	-	36,575,632	-
Sales	18,076,111	-	18,076,111	9,025,150
Franchise	5,394,783	-	5,394,783	-
Mixed beverage	149,128	-	149,128	-
Hotel	989,615	-	989,615	-
Unrestricted investment income	1,051,319	503,063	1,554,382	766,315
Miscellaneous	2,041,641	350,209	2,391,850	-
Transfers	2,414,531	( 2,414,531)	-	-
Total general revenues and transfers	<u>66,692,760</u>	<u>( 1,561,259)</u>	<u>65,131,501</u>	<u>9,791,465</u>
Change in net position	10,442,776	13,379,887	23,822,663	4,210,104
Net position - beginning	135,737,069	171,887,319	307,624,388	18,953,945
Prior period adjustment	<u>13,114,147</u>	<u>-</u>	<u>13,114,147</u>	<u>( 7,532,093)</u>
Net position - beginning, restated	<u>148,851,216</u>	<u>171,887,319</u>	<u>320,738,535</u>	<u>11,421,852</u>
Net position - ending	<u>\$ 159,293,992</u>	<u>\$ 185,267,206</u>	<u>\$ 344,561,198</u>	<u>\$ 15,631,956</u>

**CITY OF PFLUGERVILLE, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

AS OF SEPTEMBER 30, 2022

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>ASSETS</b>					
Cash and investments	\$ 26,535,623	\$ 3,604,629	\$ 75,590	\$ 159,416,245	\$ 189,632,087
Taxes receivable	3,741,404	13,883	187,623	-	3,942,910
Other receivables	1,673,041	387,939	-	377,707	2,438,687
Due from other funds	3,769,825	1,491,620	5,394,588	1,941,634	12,597,667
Due from component unit	186,876	-	-	-	186,876
Total assets	<u>\$ 35,906,769</u>	<u>\$ 5,498,071</u>	<u>\$ 5,657,801</u>	<u>\$ 161,735,586</u>	<u>\$ 208,798,227</u>
<b>LIABILITIES</b>					
Accounts payable	2,858,673	1,323,864	500	2,955,256	7,138,293
Wages payable	902,725	-	-	-	902,725
Due to other funds	1,417,660	-	143,692	5,372,989	6,934,341
Unearned revenue	-	-	-	5,542,685	5,542,685
Escrow payable	-	-	-	16,607,658	16,607,658
Total liabilities	<u>5,179,058</u>	<u>1,323,864</u>	<u>144,192</u>	<u>30,478,588</u>	<u>37,125,702</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	315,230	-	187,623	-	502,853
Unavailable revenue - court fines	272,304	-	-	-	272,304
Unavailable revenue - grants	-	361,167	-	-	361,167
Lease related	370,433	-	-	-	370,433
Total deferred inflows of resources	<u>957,967</u>	<u>361,167</u>	<u>187,623</u>	<u>-</u>	<u>1,506,757</u>
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	-	-	5,325,986	-	5,325,986
Capital projects	-	-	-	131,256,998	131,256,998
Specific programs	-	3,813,040	-	-	3,813,040
Assigned for:					
Subsequent year's budget:					
appropriation of fund balance	604,557	-	-	-	604,557
Unassigned	29,165,187	-	-	-	29,165,187
Total fund balance	<u>29,769,744</u>	<u>3,813,040</u>	<u>5,325,986</u>	<u>131,256,998</u>	<u>170,165,768</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 35,906,769</u>	<u>\$ 5,498,071</u>	<u>\$ 5,657,801</u>	<u>\$ 161,735,586</u>	<u>\$ 208,798,227</u>

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



**CITY OF PFLUGERVILLE, TEXAS**

**RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF NET POSITION**

AS OF SEPTEMBER 30, 2022

Fund balances of governmental funds	\$ 170,165,768
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.	280,307,201
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 259,319,497)
The total OPEB liability and related deferred inflows and outflows are not included in the fund financial statements.	( 1,762,236)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 1,218,913)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	( 1,711,531)
Premiums and discounts on bond issuances are recorded as other financing sources and uses when received in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	( 26,383,523)
Deferred charges on bond refundings are recognized in the fund financial statements when bonds are issued but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	4,808,951
Leases payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 443,254)
Included in long-term liabilities is the recognition of the City's net pension liability in the amount of \$5,851,899, a related deferred outflow of resources of \$3,725,985 and a related deferred inflow of resources of \$4,159,384. This results in a decrease in net position.	( 6,285,298)
Receivables from property taxes (\$502,853), fines (\$272,304) and grants (\$361,167) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	<u>1,136,324</u>
Net position of governmental activities	<u>\$ 159,293,992</u>

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

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>REVENUES</b>					
Taxes:					
Property	\$ 20,413,556	\$ 1,872,274	\$ 14,319,189	\$ -	\$ 36,605,019
Sales	18,076,111	-	-	-	18,076,111
Franchise	5,326,318	68,465	-	-	5,394,783
Mixed beverage	149,128	-	-	-	149,128
Hotel	-	989,615	-	-	989,615
Licenses and permits	3,772,508	33,000	-	-	3,805,508
Intergovernmental	2,486,024	787,185	695,472	7,921,121	11,889,802
Fines and forfeitures	449,142	125,413	-	-	574,555
Investment income	490,507	25,004	29,656	506,152	1,051,319
Charges for services	621,516	-	-	-	621,516
Deutschen Pfest income	21,721	-	-	-	21,721
Miscellaneous	285,437	2,500	-	24,691	312,628
Total revenues	<u>52,091,968</u>	<u>3,903,456</u>	<u>15,044,317</u>	<u>8,451,964</u>	<u>79,491,705</u>
<b>EXPENDITURES</b>					
Current:					
General government	15,800,657	1,692,620	29,478	-	17,522,755
Public safety	15,665,298	22,039	-	-	15,687,337
Public works and streets	7,618,534	-	-	-	7,618,534
Culture and recreation	5,984,632	678,240	-	-	6,662,872
Debt service:					
Agent fees/issuance costs	-	-	7,476	591,865	599,341
Interest	405	-	8,012,261	-	8,012,666
Principal retirement	65,445	-	7,077,829	-	7,143,274
Capital outlay	887,619	452,995	-	30,010,382	31,350,996
Total expenditures	<u>46,022,590</u>	<u>2,845,894</u>	<u>15,127,044</u>	<u>30,602,247</u>	<u>94,597,775</u>
<b>EXCESS (DEFICIENCY) OF OVER (UNDER) EXPENDITURES</b>	<u>6,069,378</u>	<u>1,057,562</u>	<u>( 82,727)</u>	<u>( 22,150,283)</u>	<u>( 15,106,070)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	( 8,231,000)	( 599,395)	-	-	( 8,830,395)
Transfers in	2,419,466	-	594,460	8,231,000	11,244,926
Issuance of bonds	-	-	-	60,997,955	60,997,955
Premium on issuance of bonds	-	-	-	7,335,150	7,335,150
Sale of capital assets	23,416	-	-	-	23,416
Insurance recoveries	163,860	-	-	-	163,860
Total other financing sources and uses	<u>( 5,624,258)</u>	<u>( 599,395)</u>	<u>594,460</u>	<u>76,564,105</u>	<u>70,934,912</u>
<b>NET CHANGE IN FUND BALANCES</b>	445,120	458,167	511,733	54,413,822	55,828,842
<b>FUND BALANCES, BEGINNING</b>	<u>29,324,624</u>	<u>3,354,873</u>	<u>4,814,253</u>	<u>76,843,176</u>	<u>114,336,926</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 29,769,744</u>	<u>\$ 3,813,040</u>	<u>\$ 5,325,986</u>	<u>\$ 131,256,998</u>	<u>\$ 170,165,768</u>

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

**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 YEAR ENDED SEPTEMBER 30, 2022**

Net change in fund balances - total governmental funds	\$ 55,828,842
Amounts reported for governmental activities in the Statement of Activities are different because:	
Current year capital outlays are expenditures in the fund statements but are shown as increases in capital assets in the government-wide financial statements. The effect of removing capital outlays is to increase net position.	29,264,343
Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of the loss on capital asset disposals is to decrease net position.	17,125
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.	( 20,377,039)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reduction in long-term debt in the government-wide financial statements.	7,077,829
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as an increase in long-term debt in the government-wide financial statements.	( 60,997,955)
Decreases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	( 265,767)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The decrease in interest accrual increases net position.	( 469,105)
Certain OPEB expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the total OPEB liability were amortized.	( 108,124)
Discounts and premiums on bond issuances are recorded as an other financing source or use when received in the fund financial statements but are deferred and amortized in the government-wide financial statements.	( 6,218,399)
Deferred amount on bond refunding is capitalized in the government-wide financial statements and amortized over the life of the debt. The net effect is to decrease net position.	( 318,149)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. The net effect is a decrease in net position.	1,254,316
Revenues from property taxes, fines and grants are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	<u>( 1,469,885)</u>
Change in net position - statement of activities	\$ <u><u>10,442,776</u></u>

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

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 20,600,735	\$ 20,600,735	\$ 20,413,556	\$( 187,179)
Sales	17,900,000	17,900,000	18,076,111	176,111
Franchise	4,922,000	4,922,000	5,326,318	404,318
Mixed beverage	110,000	110,000	149,128	39,128
Licenses and permits	3,525,000	3,525,000	3,772,508	247,508
Intergovernmental	1,652,990	1,652,990	2,486,024	833,034
Fines and forfeitures	442,694	442,694	449,142	6,448
Interest income	350,000	350,000	490,507	140,507
Charges for services	509,800	509,800	621,516	111,716
Deutschen Pfest income	10,000.00	10,000.00	21,721	11,721
Miscellaneous	200,000	200,000	285,437	85,437
Total revenues	<u>50,223,219</u>	<u>50,223,219</u>	<u>52,091,968</u>	<u>1,868,749</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Special Services	707,360	707,360	665,974	41,386
Administration	2,876,507	2,876,507	1,661,271	1,215,236
Legal	476,600	476,600	442,050	34,550
Information technology	3,043,578	3,243,207	3,009,740	233,467
Development services administration	2,263,471	2,263,471	1,980,651	282,820
Planning	1,469,933	1,469,933	1,461,619	8,314
Court	417,361	417,361	408,258	9,103
Fleet	838,202	838,202	1,086,749	( 248,547)
Field operations	312,273	312,273	303,663	8,610
City Manager's office	1,591,508	1,684,811	1,738,602	( 53,791)
People & culture	961,857	1,008,665	813,460	195,205
Finance	1,618,923	1,724,513	1,629,861	94,652
Fleet	732,015	694,101	598,759	95,342
Public safety:				
Building	801,078	801,078	545,867	255,211
Animal welfare services	826,183	833,183	797,505	35,678
Police	14,103,315	14,186,026	14,321,926	( 135,900)
Public works and streets:				
CIP Engineering	1,768,933	1,950,765	1,290,298	660,467
Streets and drainage	7,756,297	7,781,715	5,288,986	2,492,729
Facilities maintenance	849,046	969,286	1,039,250	( 69,964)
Culture and recreation:				
Library	1,576,754	1,581,845	1,549,277	32,568
Parks and recreation	4,548,820	4,703,945	4,435,355	268,590
Debt service	-	-	65,850	( 65,850)
Capital outlay	1,272,696	1,322,412	887,619	434,793
Total expenditures	<u>50,812,710</u>	<u>51,847,259</u>	<u>46,022,590</u>	<u>5,824,669</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (continued)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	( 589,491)	( 1,624,040)	6,069,378	7,693,418
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	(8,231,000)	(8,231,000)	( 8,231,000)	-
Transfers in	2,539,851	2,539,851	2,419,466	( 120,385)
Sale of capital assets	60,000	60,000	23,416	( 36,584)
Insurance recoveries	<u>50,000</u>	<u>50,000</u>	<u>163,860</u>	<u>113,860</u>
Total other financing sources and uses	<u>( 5,581,149)</u>	<u>( 5,581,149)</u>	<u>( 5,624,258)</u>	<u>( 43,109)</u>
<b>NET CHANGE IN FUND BALANCE</b>	(6,170,640)	(7,205,189)	445,120	7,650,309
<b>FUND BALANCE, BEGINNING</b>			<u>29,324,624</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 29,769,744</u>	

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**SPECIAL REVENUE FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 1,758,644	\$ 1,758,644	\$ 1,872,274	\$ 113,630
Franchise	98,000	98,000	68,465	( 29,535)
Hotel	350,000	350,000	989,615	639,615
Licenses and permits	60,000	60,000	33,000	( 27,000)
Intergovernmental	266,000	266,000	787,185	521,185
Fines and forfeitures	39,000	39,000	125,413	86,413
Investment income	450	450	25,004	24,554
Miscellaneous	1,000	1,000	2,500	1,500
Total revenues	<u>2,573,094</u>	<u>2,573,094</u>	<u>3,903,456</u>	<u>1,330,362</u>
<b>EXPENDITURES</b>				
General Government	1,454,817	1,454,817	1,692,620	237,803
Public safety	137,494	137,494	22,039	( 115,455)
Culture and recreation	50,000	50,000	678,240	628,240
Capital outlay	325,300	325,300	452,995	( 127,695)
Total expenditures	<u>1,967,611</u>	<u>1,967,611</u>	<u>2,845,894</u>	<u>( 878,283)</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	605,483	605,483	1,057,562	452,079
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers out	-	-	( 599,395)	( 599,395)
Total other financing sources and uses	<u>-</u>	<u>-</u>	<u>( 599,395)</u>	<u>( 599,395)</u>
<b>NET CHANGE IN FUND BALANCE</b>	605,483	605,483	458,167	(147,316)
<b>FUND BALANCE, BEGINNING</b>			<u>3,354,873</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 3,813,040</u>	

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



**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2022

	<u>Enterprise</u>
	<u>Utility</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 10,288,646
Accounts receivable, net	6,257,589
Due from other funds	<u>714,754</u>
Total current assets	<u>17,260,989</u>
Non-current assets:	
Restricted cash and investments:	
Bond accounts	113,588,008
Deposits	721,294
Impact fees	31,093,761
Capital assets:	
Land	8,289,161
Water rights	3,843,758
Buildings and improvements	15,503,318
Equipment	6,192,235
Infrastructure and system	258,965,470
Construction in progress	98,953,914
Less accumulated depreciation	<u>( 87,650,258)</u>
Total capital assets, net of accumulated depreciation	<u>304,097,598</u>
Total non-current assets	<u>449,500,661</u>
Total assets	<u>466,761,650</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	2,531,039
Related to pensions	741,087
Related to OPEB - retiree health plan	47,015
Related to OPEB - TMRS supplemental death benefit	<u>46,611</u>
Total deferred outflows of resources	<u>3,365,752</u>

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

(Continued)



**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION (continued)

PROPRIETARY FUND

SEPTEMBER 30, 2022

	<u>Enterprise</u>
	<u>Utility</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 8,539,982
Wages payable	196,414
Due to other funds	6,378,080
Customer deposits	706,889
Accrued interest payable	1,167,118
Total OPEB liability - retiree health plan	4,793
Total OPEB liability - TMRS supplemental death benefit	2,344
Compensated absences	30,902
Bonds payable	<u>7,327,808</u>
Total current liabilities	<u>24,354,330</u>
 Non-current liabilities:	
Compensated absences	123,610
Bonds payable	257,954,050
Net pension liability	1,163,925
Total OPEB liability - retiree health plan	155,505
Total OPEB liability - TMRS supplemental death benefit	<u>198,743</u>
Total non-current liabilities	<u>259,595,833</u>
 Total liabilities	<u>283,950,163</u>
 <b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	827,289
Related to OPEB - TMRS supplemental death benefit	5,993
Related to OPEB - retiree health plan	<u>76,751</u>
Total deferred inflows of resources	<u>910,033</u>
 <b>NET POSITION</b>	
Net investment in capital assets	119,752,665
Restricted for capital projects	31,093,761
Unrestricted	<u>34,420,780</u>
 Total net position	<u>\$ 185,267,206</u>

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Enterprise</u>
	<u>Utility</u>
<b>OPERATING REVENUE</b>	
Charges for sales and services:	
Water sales	\$ 24,907,361
Wastewater sales	15,440,449
Solid waste sales	7,252,428
Other income	<u>350,209</u>
Total operating revenues	<u>47,950,447</u>
<b>OPERATING EXPENSES</b>	
Utility administration	5,059,590
Water operations	15,942,398
Wastewater operations	5,613,836
Solid waste operations	7,011,917
Depreciation and amortization	<u>6,061,191</u>
Total operating expenses	<u>39,688,932</u>
<b>OPERATING INCOME</b>	8,261,515
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	503,063
Bond issuance costs	( 1,197,408)
Interest expense and fees	( 4,647,666)
Gain (loss) on sale of capital assets	<u>40,590</u>
Total nonoperating revenues (expenses)	<u>( 5,301,421)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	2,960,094
Capital contributions	12,834,324
Transfers out	<u>( 2,414,531)</u>
<b>CHANGE IN NET POSITION</b>	13,379,887
<b>NET POSITION, BEGINNING</b>	<u>171,887,319</u>
<b>NET POSITION, ENDING</b>	<u>\$ 185,267,206</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Enterprise Fund
	<u>Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 47,540,161
Payments to or on behalf of employees	( 4,976,985)
Payments to suppliers	( 22,284,645)
Net cash provided by operating activities	<u>20,278,531</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to other funds	( 2,414,531)
Net cash used by noncapital financing activities	<u>( 2,414,531)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of debt	130,869,316
Capital contributions	7,708,386
Acquisition of capital assets	( 43,205,809)
Principal paid on bonds	( 4,957,171)
Interest and fiscal charges on debt	( 8,118,695)
Proceeds from the sale of capital assets	<u>40,590</u>
Net cash provided by capital and related financing activities	<u>82,336,617</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>503,063</u>
Net cash provided by investing activities	<u>503,063</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	100,703,680
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>54,988,029</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ <u>155,691,709</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>	
Current assets:	
Cash and investments	\$ 10,288,646
Non-current assets:	
Restricted cash and investments:	
Bond accounts	113,588,008
Impact fees	31,093,761
Deposits	<u>721,294</u>
Total cash and investments	\$ <u>155,691,709</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF CASH FLOWS (continued)

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Enterprise</u>
	<u>Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 8,261,515
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	6,061,191
(Increase) decrease in assets:	
Accounts receivable	( 410,286)
Due from other funds	( 613,180)
Increase (decrease) in liabilities:	
Account payable	875,576
Accrued liabilities	66,227
Due to other funds	5,882,785
Customer deposits	138,325
Compensated absences	31,813
Net pension liability	( 75,178)
Total OPEB liability	<u>59,743</u>
 Net cash provided by operating activities	 <u>\$ 20,278,531</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Infrastructure contributed by developers	\$ 5,125,938



**CITY OF PFLUGERVILLE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2022**

**I. REPORTING ENTITY**

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 financial statements of the City have been prepared in conformity with accounting principles applicable to governmental units that are generally accepted in the United States of America. The Governmental Accounting Standards Board ("GASB") is the accepted standard setting body for establishing governmental accounting and financial reporting principles.

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity include whether:

- the organization is legally separate (can sue and be sued in their own name)
- the City holds the corporate powers of the organization
- the City appoints a voting majority of the organization's board
- the City is able to impose its will on the organization
- the organization has the potential to impose a financial benefit/burden on the City
- there is fiscal dependency by the organization 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. Complete financial statements for the PCDC may be obtained at the entity's administrative offices.

## II. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all 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.

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*.

## III. MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION

The government-wide financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*, as are the proprietary fund financial statements. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as 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 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 **Special Revenue Fund** is 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 **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.

The City reports the following major proprietary fund type:

The **Utility Fund** accounts for the City's water, wastewater, and 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.

#### **IV. ASSETS, LIABILITIES, DEFERRED OUTFLOWS/INFLOWS, AND NET POSITION/FUND BALANCE**

##### **A. 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.

##### **B. 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.

##### **C. Fair Value Measurements**

Fair value accounting requires characterization of the inputs used to measure fair value into three-level fair value hierarchy as follows:

Level 1 inputs are based on unadjusted quoted market prices for identical assets or liabilities in an active market the entity has the ability to access.

Level 2 inputs are observable inputs that reflect the assumptions market participants would use in pricing the asset or liability developed based on market data obtained from sources independent from the entity.

Level 3 inputs are observable inputs that reflect the entity's own assumptions about the assumptions market participants would use in pricing the asset or liability developed based on the best information available.

There are three general valuation techniques that may be used to measure fair value:

Market approach – uses prices generated by market transactions involving identical or comparable assets or liabilities.

Cost approach – uses the amount that currently would be required to replace the service capacity of an asset (replacement cost.)

Income approach – uses valuation techniques to convert future amounts to present amounts based on current market expectations.

As of September 30, 2022, the City does not have any investments that qualify for fair value reporting requirements.



#### **D. Receivables and Payables**

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.” All trade and property tax receivables are shown net of an allowance for uncollectibles.

#### **E. Restricted Assets and Payables from Restricted Assets**

Included in restricted assets of proprietary funds are capital recovery fees (impact fees) that are, by law, restricted for construction of or debt service on future capital improvements.

#### **F. Deferred Outflows/Inflows of Resources**

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

Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

Pension and OPEB related items – These amounts are attributable to the City’s participation in a defined benefit retirement plan and are recognized in future periods. See Note 7 and 8 for further information.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the pension and OPEB plans – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

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.

Pension related items – These amounts are attributable to the City’s participation in a defined benefit retirement plan and are recognized in future periods. See Note VII for further information.

- Difference in expected and actual pension and OPEB experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions related to the OPEB plan – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.

**G. 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 2022 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:

Assets	Years
Buildings	30
Right to use - building	30
Utility distribution system	20-50
Streets and public domain infrastructure	15-50
Improvements	15-20
Equipment	10
Software	5-15

**H. Long-term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statements of net position.

**Leases** The City has entered into lease agreements as both lessee and lessor. 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, if available. When the interest rate charged by the lessor is not provided, the City generally 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 liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

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

**Lessee** The City is a lessee for noncancellable leases of a building. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements. 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 its useful life. Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

**Lessor** The City is a lessor in an arrangement allowing installation of communications equipment on City property. In both the government-wide financial statements and the governmental fund financial statements, the City initially measures the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

#### **I. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City-specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City'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 total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

#### **J. Other Post-Employment 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. This includes for purposes of measuring the total OPEB liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

#### **K. Bond Issuance Costs**

For governmental fund types, bond premiums and discounts, as well as issuance costs, are recognized during the current period in the fund financial statements. Bond proceeds and premiums are reported as an "other financing source." Bond discounts are reported as an "other financing use". Bond issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. For proprietary fund types and in the government-wide financial statements, premiums and discounts are reported as deferred charges and amortized over the life of the related debt. Bonds payable are reported net of the applicable bond premium or discount.

**L. 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.

**M. Use of Estimates**

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual amounts could differ from these estimates.

**N. Property Taxes**

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 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, 2022, was \$0.4863 per \$100 of assessed valuation.

**O. Fund Balance**

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. As of September 30, 2022, the City had no nonspendable fund balances.

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, 2022, the various fund balance purposes were as follows:

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
Restricted:					
Debt service	\$ -	\$ -	\$ 5,325,986	\$ -	\$ 5,325,986
Capital projects	-	-	-	131,256,998	131,256,998
Seizure funds	-	43,590	-	-	43,590
Child safety fees	-	108,032	-	-	108,032
LEOSE training	-	14,439	-	-	14,439
Municipal court	-	168,315	-	-	168,315
National Night Out	-	6,836	-	-	6,836
PEG	-	20,069	-	-	20,069
HOT	-	571,939	-	-	571,939
TIRZ #1	-	2,879,820	-	-	2,879,820
Assigned:					
Subsequent year's budget	604,557	-	-	-	604,557
Unassigned	<u>29,165,187</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>29,165,187</u>
 Total fund balance	 <u>\$ 29,769,744</u>	 <u>\$ 3,813,040</u>	 <u>\$ 5,325,986</u>	 <u>\$ 131,256,998</u>	 <u>\$ 170,165,768</u>

The City uses restricted amounts first when both restricted and unrestricted fund balance are available. Additionally, the City would first use committed, then assigned, and lastly unassigned amounts of unrestricted fund balance when the expenditures are made.

The City Charter requires that the fund balance of the general fund be at least sufficient to cover three months of the City's budgeted general fund operation and maintenance expenses, except in the event of an emergency. Fund balance may be used for emergency appropriations in accordance with Section 9.04(b) of the City's Charter.

**P. 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.

**Q. 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.

**V. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

Ninety days prior to the beginning of each fiscal 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 budget for the General Fund and Special Revenue Fund is 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.

**VI. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

*Custodial Credit Risk.* Deposits (cash and certificates of deposit) in financial institutions are carried at cost which approximates fair values. The City's cash deposits as of September 30, 2022, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

State statutes authorize the City to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) Texas local government investment pools; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent; (5) certificates of deposit by state and national banks domiciled in this state that are (a) guaranteed or insured by the Federal Deposit Insurance Corporation, or its successor; or (b) secured by obligations that are described by (1) – (4); (6) and reverse repurchase agreements not to exceed 90 days to stated maturity.

Following are the City's cash and investments as of September 30, 2022:

	Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	\$ 2,990	N/A
Deposits with financial institutions	106,995,117	N/A
First Public Lone Star Investments	161,503	20
Texas Class	193,942,606	31
Wells Fargo Securities	44,221,580	236
Total Cash and Investments	<u>\$ 345,323,796</u>	<u>48</u>

The Lone Star Investment Pool Corporate Overnight Fund (the Funds) state investments at amortized cost to report net position for purposes of computing share prices. The Lone Star Investment Pool (the Pool) is a public funds investment pool established in accordance with the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code, as amended. The Pool is administered by First Public, LLC, a wholly owned subsidiary of the Texas Association of School Boards, Inc. and is governed by an eleven-member Board of Trustees (Board) made up of active participants in the Pool. The Board has the responsibility of adopting and monitoring compliance with the investment policy, appointing investment officers, overseeing the selection of an investment advisor, custodian, investment consultant, administrator, and other service providers. Audited financial statements of the Pool are available at First Public, 12007 Research Blvd., Austin, Texas 78759.

The Board is also responsible for monitoring performance of the pool. The Funds provide participants with daily access to funds and the net asset value of each participant's pro rata interest in each of the Funds is designed to remain constant at one dollar per unit, respectively. The Funds' portfolios are marked-to-market daily. If the Funds' amortized costs are above or below the fair value by more than one-half of one percent, the investment officer will take such action as is deemed appropriate to maintain the per unit net asset values. Independent auditors audit the Fund annually.

The Texas Cooperative Liquid Assets Securities System Trust (Texas CLASS) was created as a local government investment pool (LGIP) pursuant to Section 2256.016 of the Public Funds Investment Act, Texas Government Code (PFIA). Per state code, entities may pool any of their funds, or funds under their control, to preserve principal, maintain the liquidity of the funds, and maximize yield. 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.

In accordance with GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*, the local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting 20% of the weighted average maturity of the City's investment portfolio for a period of greater than one year. The maximum allowable stated maturity of any individual investment owned by the City shall not exceed two years from the time of purchase. However, the maximum dollar-weighted maturity of local government investment pools may not exceed 90 days.

*Credit Risk.* State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2022, the City's investments in Lone Star and Texas Class were both rated AAAM by Standard & Poor's.

**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. An initial lease receivable was recorded in the amount of \$372,461. As of fiscal year-end, the value of the lease receivable is \$371,565. 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 \$370,433, and the City recognized lease revenue of \$2,028 during the fiscal year. The lessee has 4 extension options, each for 5 years.

A summary of the City's lease receivables as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Receivable	Interest Current Year	Amounts Receivable 9/30/2022	Amounts Receivable Within One Year
Right to Use:						
Land	3.1%	2022	\$ 372,461	\$ 2,028	\$ 371,565	\$ 6,672

### C. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2022, follows:

	Beginning Balance	Additions	Deletions	Prior Period Adjustment	Ending Balance
<b>Governmental activities:</b>					
Capital assets, not being depreciated:					
Land	\$ 13,983,390	\$ 9,364,790	\$ -	\$ -	\$ 23,348,180
Construction in progress	13,238,102	18,852,526	154,944	-	31,935,684
Total assets not being depreciated	<u>27,221,492</u>	<u>28,217,316</u>	<u>154,944</u>	<u>-</u>	<u>55,283,864</u>
Capital assets, being depreciated:					
Buildings and improvements	89,069,907	192,916	-	-	89,262,823
Machinery and equipment	15,639,400	1,013,593	96,097	-	16,556,896
Right to use assets	508,699	-	-	-	508,699
Software	1,110,978	-	-	-	1,110,978
Infrastructure	412,741,699	7,224,744	-	13,662,782	433,629,225
Total capital assets being depreciated	<u>519,070,683</u>	<u>8,431,253</u>	<u>96,097</u>	<u>13,662,782</u>	<u>527,405,839</u>
Less accumulated depreciation:					
Buildings and improvements	55,053,389	4,763,826	-	-	59,817,215
Machinery and equipment	10,086,593	1,199,046	108,684	-	11,176,955
Right to use assets	-	63,587	-	-	63,587
Software	296,260	74,066	-	-	370,326
Infrastructure	229,792,052	14,276,514	-	548,635	244,617,201
Total accumulated depreciation	<u>295,228,294</u>	<u>20,377,039</u>	<u>108,684</u>	<u>548,635</u>	<u>316,045,284</u>
Total capital assets, being depreciated, net	<u>223,842,389</u>	<u>( 11,945,786)</u>	<u>( 12,587)</u>	<u>13,114,147</u>	<u>225,023,337</u>
Governmental activities capital assets, net	<u>\$ 251,063,881</u>	<u>\$ 16,271,530</u>	<u>\$ 142,357</u>	<u>\$ 13,114,147</u>	<u>\$ 280,307,201</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,289,161	\$ -	\$ -	\$ 8,289,161
Service rights	3,843,758	-	-	3,843,758
Construction in progress	60,086,015	42,548,068	3,680,169	98,953,914
Total assets not being depreciated	<u>72,218,934</u>	<u>42,548,068</u>	<u>3,680,169</u>	<u>111,086,833</u>
Capital assets, being depreciated:				
Buildings and improvements	15,453,318	49,999	-	15,503,317
Machinery and equipment	6,147,896	210,738	166,400	6,192,234
Infrastructure	249,762,361	9,203,110	-	258,965,471
Total capital assets being depreciated	<u>271,363,575</u>	<u>9,463,847</u>	<u>166,400</u>	<u>280,661,022</u>
Less accumulated depreciation:				
Buildings and improvements	7,562,135	516,444	-	8,078,579
Machinery and equipment	4,270,407	344,557	166,400	4,448,564
Infrastructure	69,922,925	5,200,189	-	75,123,114
Total accumulated depreciation	<u>81,755,467</u>	<u>6,061,190</u>	<u>166,400</u>	<u>87,650,257</u>
Total capital assets, being depreciated, net	<u>189,608,108</u>	<u>3,402,657</u>	<u>-</u>	<u>193,010,765</u>
Business-type activities capital assets, net	<u>\$ 261,827,042</u>	<u>\$ 45,950,725</u>	<u>\$ 3,680,169</u>	<u>\$ 304,097,598</u>



	Beginning Balance	Additions	Deletions	Ending Balance
<b>Discretely presented component unit:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,481,672	\$ -	\$ -	\$ 8,481,672
Total assets not being depreciated	<u>8,481,672</u>	<u>-</u>	<u>-</u>	<u>8,481,672</u>
Capital assets, being depreciated:				
Buildings	6,167,465			6,167,465
Leasehold improvements	295,250	-	-	295,250
Furniture and equipment	11,367,025	13,874	-	11,380,899
Vehicles	38,339	-	-	38,339
Right to use assets	431,209	-	-	431,209
Total capital assets being depreciated	<u>18,299,288</u>	<u>13,874</u>	<u>-</u>	<u>18,313,162</u>
Less accumulated depreciation:				
Buildings	1,233,493	154,187	-	1,387,680
Leasehold improvements	203,519	59,050	-	262,569
Furniture and equipment	6,086,597	773,721	-	6,860,318
Vehicles	31,950	6,389	-	38,339
Right to use assets	-	70,801	-	70,801
Total accumulated depreciation	<u>7,555,559</u>	<u>1,064,148</u>	<u>-</u>	<u>8,619,707</u>
Total capital assets, being depreciated, net	<u>10,743,729</u>	<u>( 1,050,274)</u>	<u>-</u>	<u>9,693,455</u>
Discretely presented component unit activities capital assets, net	<u>\$ 19,225,401</u>	<u>\$( 1,050,274)</u>	<u>\$ -</u>	<u>\$ 18,175,127</u>

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

Governmental activities:	
General government	\$ 1,890,989
Public safety	3,457,984
Public works	14,160,004
Culture/recreation	868,062
Total depreciation expense - governmental activities	<u>\$ 20,377,039</u>
Business-type activities	
Water and sewer	\$ 6,061,190
Total depreciation expense - business-type activities	<u>\$ 6,061,190</u>

**D. Interfund Receivables/Payables and Transfers**

The composition of interfund receivables/payables and transfers in/out as of September 30, 2022, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility	\$ 2,033,679	Payables
General	Capital Projects	1,736,146	Payables
Debt Service	General	255,820	Payables and property taxes
Debt Service	Utility	2,402,767	Payables
Debt Service	Capital Projects	2,736,001	Payables
Special revenue	Capital Projects	186,088	Payables
Special revenue	General	1,161,840	Payables
Special revenue	Debt Service	143,692	Payables
Capital Projects	Utility	1,941,634	Principal payment
Utility	Capital Projects	714,754	Payables
		<u>\$ 13,312,421</u>	

<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Special revenue	\$ 4,935	Contribution to General Fund
General	Utility fund	2,414,531	Contribution to General Fund
Capital Projects	General	8,231,000	Contribution to Capital Projects Fund
Debt service	Special revenue	594,460	TIRZ #1 contribution to Debt Service
		<u>\$ 11,244,926</u>	

**E. Long-term Debt**

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2022:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities:					
General obligation bonds	\$ 205,296,110	\$ 60,997,955	\$( 6,974,568)	\$ 259,319,497	\$ 9,172,192
Premium on bond issuance	20,165,124	7,335,150	( 1,116,751)	26,383,523	-
Compensated absences	953,146	9,788,245	( 9,522,478)	1,218,913	243,783
Leases	508,699	-	( 65,445)	443,254	61,469
Governmental activities long-term liabilities	<u>226,923,079</u>	<u>78,121,350</u>	<u>(17,679,242)</u>	<u>287,365,187</u>	<u>9,477,444</u>
Business-type activities:					
Utility bonds	127,713,890	123,198,286	( 5,060,319)	245,851,857	7,327,808
Premium on bond issuance	14,773,210	6,665,209	( 1,005,397)	20,433,022	-
Discount on bond issuance	-	( 1,005,821)	2,800	( 1,003,021)	-
Compensated absences	122,699	1,269,149	( 1,237,336)	154,512	30,902
Business-type activities long-term liabilities	<u>142,609,799</u>	<u>130,126,823</u>	<u>( 7,300,252)</u>	<u>265,436,370</u>	<u>7,358,710</u>
Total long-term debt	<u>369,532,878</u>	<u>208,248,173</u>	<u>(24,979,494)</u>	<u>552,801,557</u>	<u>16,836,154</u>
Discretely presented component unit:					
Notes payable	21,620,000	-	( 870,000)	20,750,000	905,000
Leases	431,134	-	( 65,309)	365,825	68,203
	<u>\$ 22,051,134</u>	<u>\$ -</u>	<u>\$( 935,309)</u>	<u>\$ 21,115,825</u>	<u>\$ 973,203</u>

For the governmental activities, the Debt Service Fund generally has been used to liquidate the general obligation bonds and the General Fund has liquidated compensated absences, the OPEB liability and net pension liability.

## F. Lease Payable

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 \$443,254. Pflugerville, TX is required to make annual fixed payments of \$65,850. The lease has an interest rate of 0.988%. The value of the right to use asset as of the fiscal year end of \$508,699 with accumulated amortization of \$63,587 is included with Buildings on the Lease Class activities table found below. Pflugerville, TX has 5 extension option(s), each for 12 months.

A summary of the governmental activities long-term lease payable as of September 30, 2022, is as follows:

Purpose of Lease	Interest Rate	Initial Year of Lease	Amount of Initial Lease Liability	Interest Current Year	Amounts Outstanding 9/30/2022	Amounts Due Within One Year
Right to Use Building	1%	2022	\$ 508,699	\$ 405	\$ 443,254	\$ 61,469
Totals				\$ 405	\$ 443,254	\$ 61,469

Fiscal Year	Principal	Interest	Total Requirements
2023	61,469	4,381	65,850
2024	62,077	3,773	65,850
2025	62,690	3,160	65,850
2026	63,309	2,540	65,849
2027	63,936	1,914	65,850
2028 - 2029	129,773	1,927	131,700
Total	\$ 443,254	\$ 17,695	\$ 460,949

## G. General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2022, are as follows:

Fiscal Year	Principal	Interest	Total Requirement
2023	9,172,192	10,157,969	19,330,161
2024	8,177,292	9,876,843	18,054,135
2025	9,325,314	9,628,332	18,953,646
2026	10,255,420	9,140,726	19,396,146
2027	11,409,246	8,678,374	20,087,620
2028-2032	64,631,361	35,057,420	99,688,781
2033-2037	63,682,979	21,291,482	84,974,461
2038-2042	55,291,405	10,251,662	65,543,067
2043-2047	22,333,683	2,836,860	25,170,543
2048-2050	5,040,605	304,710	5,345,315
Total	\$ 259,319,497	\$ 117,224,378	\$ 376,543,875

A summary of tax-supported general obligation debt outstanding as of September 30, 2022, follows:

	<u>Principal Outstanding</u>	<u>Purpose</u>
\$14,982,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$926,400 through August 1, 2034 and interest at 2% to 5%.	\$ 1,060,800	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of \$25,000 to \$310,000 through August 1, 2033 and interest at 2% to 4%.	50,000	Library expansion
\$4,600,000 Series 2013 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2% to 4%.	100,000	Street projects
\$4,980,000 Series 2014 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at	1,855,000	Infrastructure improvements
\$14,027,795 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$22,050 to \$1,011,150 through August 1, 2045 and interest at 2.95% to 4.1%.	8,844,000	Partial refunding of prior issues 2004, 2005; Streets and Parks projects
\$8,413,300 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at	7,379,700	Streets projects and one small Parks project
\$8,630,000 Series 2016A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$445,000 through August 1, 2046 and interest at	6,740,000	Facility improvements, street projects, land acquisition and police software
\$5,940,000 Series 2016B Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$465,000 through August 1, 2041 and	5,700,000	Infrastructure improvements, street projects
\$1,565,000 Taxable Series 2016C Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$125,000 to \$240,000 through August 1, 2026 and interest at 1.15% to 2.5%.	600,000	Street projects
\$52,845,000 Series 2016 Limited Tax & Refunding Bonds, due in annual installments of \$770,000 to \$3,590,000 through August 1, 2046 and interest at 2% to 5%.	48,235,000	Partial refunding of prior issues 2006, 2007 and 2009; Streets and parks projects

		<u>Purpose</u>
\$2,060,000 Series 2017 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$40,000 to \$265,000 through August 1, 2041 and interest at 2% to 5%.	\$ 1,840,000	Infrastructure improvements, street projects
\$17,355,000 Series 2017 Limited Tax Bonds, due in annual installments of \$160,000 to \$745,000 through August 1, 2047 and interest at 2% to 5%.	16,415,000	Streets and Parks projects
\$6,775,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$115,000 to \$660,000 through August 1, 2035 and interest at 2% to 5%.	6,040,000	Partial refunding of prior issue 2009A
\$2,010,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$75,000 to \$160,000 through August 1, 2035 and interest at 2% to 5%.	1,585,000	Partial refunding of prior issue 2009A
\$5,050,000 Series 2019 Limited Tax Bonds, due in annual installments of \$100,000 to \$290,000 through August 1, 2049 and interest at 3% to 5%.	4,850,000	Streets projects
\$6,941,200 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$116,550 to \$403,300 through August 1, 2049 and interest at	6,700,700	Streets projects
\$10,265,101 Series 2020 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$202,087 to \$542,619 through August 1, 2050 and	10,033,986	Streets projects
\$15,265,000 Series 2020A Limited Tax Bonds, due in annual installments of \$315,000 to \$720,000 through August 1, 2050 and interest at 1.5% to 5%.	14,870,000	Streets projects
\$13,211,523 2020B Limited Tax Refunding Bonds, due in annual installments of \$264,042 to \$1,347,618 through August 1, 2035 and interest at 3% to 5%.	11,368,396	Partial refunding of prior issues 2010
\$6,961,273 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$7,947 to \$902,527 through August 1, 2034 and interest at 1.55% to 5%.	6,900,346	Partial refunding of prior issues 2012, 2013, 2014
\$4,781,154 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$4,259 to \$973,605 through August 1, 2033 and interest at 1.55% to 5%.	4,748,501	Partial refunding of prior issues 2013, 2014
\$34,255,000 Series 2021 Limited Tax Bonds, due in annual installments of \$1,170,000 to \$2,270,000 through August 1, 2041 and interest at 2% to 5%.	32,405,000	Streets, parks and recreation/senior center projects
\$44,715,000 Series 2022 Limited Tax Bonds due in annual installments of \$490,000 to \$3,555,000 through August 1, 2042 and interest at 4% to 5%	44,715,000	Infrastructure improvements
\$16,283,068 Series 2022 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$515,767 to \$1,207,185 through August 1, 2042 and interest at 4% to 5%	16,283,068	Infrastructure improvements
Total General Obligation Debt	<u>\$ 259,319,497</u>	

The ordinances authorizing the issuance of general obligation bonds created an interest and sinking fund (Debt Service Fund.) The ordinances require the City to ascertain a rate of ad valorem tax which will be sufficient to pay the principal and interest as they become due.

On August 30, 2022, the City issued \$72,720,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2022. The bonds will be used for construction projects. Interest rates range from 4% to 5% and principal payments from \$2,305,000 to \$5,395,000. The debt matures in 2042.

On August 30, 2022, the City issued \$44,715,000 of Limited Tax Bonds, Series 2022. The bonds will be used for construction projects. Interest rates range from 4% to 5% and principal payments from \$490,000 to \$3,555,000. The debt matures in 2042.

October 20, 2021, the City issued \$11,630,000 of Utility System Revenue Bonds, Series 2021. The bonds will be used for utility construction projects. Interest rates range from 0.6% to 2.1% and principal payments from \$365,000 to \$505,000. The debt matures in 2051.

On August 25, 2022, the City issued \$31,120,000 of Utility System Revenue Bonds, Series 2022A. The bonds will be used for utility construction projects. Interest rates range from 0.6% to 2.9% and principal payments from \$5,000 to \$1,515,000. The debt matures in 2052.

On August 25, 2022, the City issued \$24,000,000 of Utility System Revenue Bonds, Series 2022B. The bonds will be used for utility construction projects. Interest rates range from 1.2% to 2.7% and principal payments from \$5,000 to \$1,165,000. The debt matures in 2052.

## H. Utility Debt

A summary of utility debt outstanding as of September 30, 2022, follows:

		<u>Purpose</u>
\$47,443,000 Series 2012 Limited Tax Refunding Bonds, \$ due in annual installments of \$34,917 to \$3,860,000 through August 1, 2034 and interest at 2% to 5%.	5,179,200	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$10,267,205 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95% to 4.1%.	9,581,000	Partial refunding of prior issues 2004, 2005
\$16,736,700 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2% to 5%.	14,325,300	Infrastructure improvements
\$16,950,000 Series 2017A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$1,290,000 through August 1, 2047 and interest at 2% to 5%.	15,100,000	Infrastructure improvements
\$5,345,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$80,000 to \$530,000 through August 1, 2035 and interest at 2% to 5%.	4,760,000	Infrastructure improvements
\$11,818,800 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$198,450 to \$686,700 through August 1, 2049 and interest at 3% to 5%.	11,409,300	Infrastructure improvements
\$35,704,899 Series 2020 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,971 to \$1,887,381 through August 1, 2050 and interest at 1.5% to 5%.	34,901,015	Infrastructure improvements
\$533,477 2020B Limited Tax Refunding Bonds, due in annual installments of \$17,812 to \$52,382 through August 1, 2035 and interest at 3% to 5%.	491,604	Partial refunding of prior issues 2010
\$27,157,573 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$32,794 to \$3,038,868 through August 1, 2034 and interest at 1.55% to 5%.	26,906,265	Partial refunding of prior issues 2012, 2013, 2014
\$11,630,000 2021 TWDB Revenue Bonds, due in annual installments of \$365,000 to \$505,000 through August 1, 2051 and interest at 0.6% to 2.07%	11,630,000	Infrastructure improvements
\$56,448,173 Series 2022 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$1,789,233 to \$4,187,815 through August 1, 2042 and interest at 4% to 5%	56,448,173	Infrastructure improvements
\$31,120,000 2022A TWDB Revenue Bonds, due in annual installments of \$5,000 to \$1,515,000 through August 1, 2052 and interest at 0.6% to 2.89%	31,120,000	Infrastructure improvements
\$24,000,000 2022B TWDB Revenue Bonds, due in annual installments of \$5,000 to \$1,165,000 through August 1, 2052 and interest at 1.16% to 2.72%	24,000,000	Infrastructure improvements
Total utility debt	<u>\$ 245,851,857</u>	

The annual requirements to retire all Utility Fund bonds, including interest, as of September 30, 2022, follows:

Fiscal Year	Principal	Interest	Total Requirements
2023	7,327,808	8,506,741	15,834,549
2024	6,812,708	8,512,022	15,324,730
2025	8,324,686	8,078,530	16,403,216
2026	8,604,580	7,842,860	16,447,440
2027	8,950,754	7,502,037	16,452,791
2028-2032	50,288,639	31,992,465	82,281,104
2033-2037	52,347,021	23,097,920	75,444,941
2038-2042	49,268,596	14,210,469	63,479,065
2043-2047	32,466,317	6,527,402	38,993,719
2048-2052	21,460,748	1,703,093	23,163,841
Total	<u>\$ 245,851,857</u>	<u>\$ 117,973,539</u>	<u>\$ 363,825,396</u>

The utility bonds are payable from a pledge of the surplus revenues derived from the operation of the City's combined Waterworks and Sewer system, after payment of all operation and maintenance expenses.

Upon an event of default under the City's debt ordinances, any registered owner of the debt is entitled to proceed against the City by mandamus or other proceeding in equity or at law for any relief permitted by law, including specific performance of any covenant or agreement contained in such ordinances or to enjoin any act that is unlawful or in violation of any right of the registered owner.

#### **I. Component Unit Debt**

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.

Future maturity requirements for the PCDC note payable, including interest, as of September 30, 2022, follows:

Fiscal Year	Principal	Interest	Total Requirements
2023	905,000	871,777	1,776,777
2024	945,000	832,049	1,777,049
2025	985,000	790,603	1,775,603
2026	1,030,000	747,330	1,777,330
2027	2,530,000	670,879	3,200,879
2028-2032	14,355,000	1,592,696	15,947,696
Total	<u>\$ 20,750,000</u>	<u>\$ 5,505,334</u>	<u>\$ 26,255,334</u>

PCDC has entered into a lease agreement as lessee for the use of a copier. As of fiscal year-end, the value of the lease liability is \$9,333. The Corporation is required to make monthly fixed payments of \$286. The lease has an interest rate of 0.5553%. The value of the right-to-use asset as of fiscal year-end was \$12,250 with accumulated amortization of \$2,861.



PCDC has entered into a lease agreement as lessee for the use of an office building. As of fiscal year-end, the value of the lease liability is \$356,492. The Corporation is required to make monthly fixed payments of \$5,155. The lease has an interest rate of 0.2633%. The value of the right-to-use asset as of fiscal year-end was \$418,959 with accumulated amortization of \$67,939. The Corporation has one extension option for 60 months.

Annual lease payments to maturity are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2023	68,203	906	69,109
2024	71,155	718	71,873
2025	72,180	524	72,704
2026	72,085	328	72,413
2027	73,501	137	73,638
2028	8,701	4	8,705
Total	<u>\$ 365,825</u>	<u>\$ 2,617</u>	<u>\$ 368,442</u>

#### J. Component Unit Commitments

PCDC has entered agreements with the City to contribute towards the City's debt service payments for certain bonds that the City issued. PCDC's future contributions under the agreements are as follows:

Fiscal Year	2013 issue	2014 issue	2017 issue	2020 issue	Total
2023	\$ 103,000	\$ 309,200	\$ 163,300	\$ 118,552	\$ 694,052
2024	-	309,800	158,800	149,173	617,773
2025	-	310,000	159,300	189,173	658,473
2026	-	309,800	164,550	505,342	979,692
2027	-	309,200	164,300	484,929	958,429
2028-2032	-	615,000	823,000	3,165,055	4,603,055
2033-2035	-	-	492,000	1,004,209	1,496,209
Total	<u>\$ 103,000</u>	<u>\$ 2,163,000</u>	<u>\$ 2,125,250</u>	<u>\$ 5,616,433</u>	<u>\$ 10,007,683</u>

## VII. DEFINED BENEFIT PENSION PLAN

### A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.com).

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

### B. 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.

Employee deposits rate	7.00%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
	20 years at any age or 5 years
Service retirement for vesting	at age 60 and above
Updated Service Credit	100% Repeating, transfers
Annuity increases to retirees	70% of CPI Repeating

Employees covered by benefit terms: At the December 31, 2021, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	135
Inactive employees entitled to but not yet receiving benefits	267
Active employees	<u>359</u>
	<u>761</u>

### C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.43% and 13.66% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$3,428,871, and were equal to the required contributions.

### D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, 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, 2021, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and 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. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP 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% 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 scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014, to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019, 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, the actuarial firm focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Real Return	12%	7.22%
Real Estate	12%	6.85%
Absolute Return	5%	5.35%
Private Equity	10%	10.00%
	<u>100%</u>	

**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.

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at 12/31/2020	\$ 78,519,738	\$ 69,156,854	\$ 9,362,884
Changes for the year:			
Service cost	3,897,320	-	3,897,320
Interest	5,344,971	-	5,344,971
Difference between expected and actual experience	2,061,075	-	2,061,075
Contributions - employer	-	3,053,090	( 3,053,090)
Contributions - employee	-	1,608,564	( 1,608,564)
Net investment income	-	9,030,201	( 9,030,201)
Benefit payments, including refunds of employee contributions	( 2,567,279)	( 2,567,279)	-
Administrative expense	-	( 41,715)	41,715
Other changes	-	286	( 286)
Net changes	<u>8,736,087</u>	<u>11,083,147</u>	<u>( 2,347,060)</u>
Balance at 12/31/2021	<u>\$ 87,255,825</u>	<u>\$ 80,240,001</u>	<u>\$ 7,015,824</u>

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

	1% Decrease in Discount Rate (5.75%)		Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)	
City's net pension liability	\$	22,134,597	\$	7,015,824	\$( 5,008,135)

*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](http://www.tmr.com).

**E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2022, the City recognized pension expense of \$2,098,494. Of this, the amounts attributed to governmental activities and business-type activities were \$1,750,354 and \$348,140, respectively.

As of September 30, 2022, 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	\$	1,786,682	\$	344,953
Changes in actual assumptions		174,738		-
Differences between projected and actual investment earnings		-		4,641,720
Contributions subsequent to the measurement date		2,505,652		-
	\$	<u>4,467,072</u>	\$	<u>4,986,673</u>

\$2,505,652 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 year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2023	\$( 334,794)
2024	( 1,406,894)
2025	( 480,840)
2026	( 802,725)
	<u>\$( 3,025,253)</u>

**VIII. POSTEMPLOYMENT HEALTH CARE BENEFITS – RETIREE HEALTH PLAN**

**A. 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 333 active employees and 39 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.

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.

**B. Actuarial Assumptions**

Actuarial cost method	Individual Entry-Age
Discount rate	1.84% as of December 31, 2021
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 13 years
Participation Rates	It was assumed that 15% 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, 50% of retirees were assumed to purchase the \$10,000 life insurance coverage at retirement, regardless of their age at retirement.
Notes	The discount rate changed from 2% as of December 31, 2020 to 1.84% as of December 31, 2021. Additionally, the participation rates were updated in conjunction with the recent plan change that increased the retiree premiums.

**C. Discount Rate Sensitivity Analysis**

**Sensitivity of Total OPEB Liability to the Discount Rate Assumption**

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 1.84%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (1.84%)
Total OPEB Liability	\$ 1,142,035	\$ 966,235	\$ 827,477

**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 Trend Rate Assumption	1% Increase
Total OPEB Liability	\$ 900,266	\$ 966,235	\$ 1,047,788

**D. OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs**

As of September 30, 2022, the City reported a liability of \$966,235 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$48,583. Of this, the amounts attributed to governmental activities and business-type activities were \$40,523 and \$8,060 respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**E. Changes in the Total OPEB Liability**

Service cost	59,000
Interest on the total OPEB liability	20,407
Changes of benefit terms	-
Differences between expected and actual experience of the total OPEB liability	( 1,677)
Changes of assumptions	( 88,250)
Benefit payments	( 28,196)
Net Changes in total OPEB liability	( 38,716)
Total OPEB Liability - beginning	1,004,951
Total OPEB Liability - ending	<u>\$ 966,235</u>

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ 9,607	\$ 375,874
Changes in actuarial assumptions	248,444	86,758
Contributions subsequent to the measurement date	<u>25,340</u>	<u>-</u>
Totals	<u>\$ 283,391</u>	<u>\$ 462,632</u>

\$25,340 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>For the Year Ended September 30,</u>	
2023	\$( 30,822)
2024	( 30,822)
2025	( 30,822)
2026	( 36,236)
2027	( 38,935)
Thereafter	( 36,944)

**IX. DEFINED OTHER POST-EMPLOYMENT BENEFIT PLANS**

**A. TMRS Supplemental Death Benefits Fund**

**Plan Description.** The City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF). The SDBF is a single-employer defined benefit Other Postemployment Benefit (OPEB) plan as defined by GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75. It is established and administered in accordance with the TMRS Act identically to the City's pension plan.

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and 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.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. 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 and is a fixed amount of \$7,500.

The number of employees currently covered by the benefit terms is as follows:

Inactive employees or beneficiaries currently receiving benefits	115
Inactive employees entitled to but not yet receiving benefits	97
Active employees	<u>359</u>
Total	<u>571</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.14% for 2022 and 0.14% for 2021, of which 0.05% represented the retiree-only portion for each year, as a percentage of annual covered payroll. 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 prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2022, and 2021 were \$35,672 and \$30,627, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2021, actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2021
Inflation rate	2.50% per annum
Discount rate	1.84
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the following:

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. For disabled annuitants, the 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% 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. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2021, valuation were based on the results of an actuarial experience study for the period December 31, 2014, to December 31, 2018.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 1.84% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2021.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
Total OPEB Liability	\$ 1,566,810	\$ 1,212,096	\$ 954,899

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** As of September 30, 2022, the City reported a liability of \$1,212,096 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2021. For the year ended September 30, 2022, the City recognized OPEB expense of \$163,861. Of this, the amounts attributed to governmental activities and business-type activities were \$136,676 and \$27,185, respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2020	\$ 1,094,699
Changes for the year:	
Service cost	75,832
Interest	22,514
Difference between expected and actual experience	( 13,853)
Changes of assumptions	46,692
Benefit payments	( 13,788)
Net changes	117,397
Balance at 12/31/2021	\$ 1,212,096

As of September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 259,173	\$ 20,713
Difference between expected and actual experience	12,520	15,413
Contributions subsequent to the measurement date	9,266	-
Totals	\$ 280,959	\$ 36,126

\$9,266 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2023. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2023	\$ 65,514
2024	62,004
2025	60,881
2026	44,457
2027	2,711



**X. AGGREGATE AMOUNTS FOR ALL OPEB PLANS**

The following table represents the aggregate OPEB amounts for all OPEB plans for the year:

Aggregate OPEB Amounts - All Plans

OPEB liabilities	\$	2,178,331
Deferred outflows of resources related to OPEB		564,350
Deferred inflows of resources related to OPEB		498,758
OPEB expense		212,444

**XI. 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.

**XII. COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any 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.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$3,548,000 for the governmental funds.

### **XIII. 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 2022, the City rebated \$2,218,376 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 \$9,853,165 is dedicated to the TIRZ to pay for projects included in the adopted Project Plan and debt service on such projects. For fiscal year 2022, Pflugerville TIRZ #1 received \$1,872,274 of property tax increment. Subsequently in October 2022, the zone was expanded again, the base value for this expansion has not yet been evaluated.

#### **XIV. UPCOMING ACCOUNTING PRONOUNCEMENTS**

Significant new accounting standards not yet implemented by the City include the following:

Statement No. 91, *Conduit Debt Obligations* – This Statement provides a single method of reporting conduit debt obligation by issuers and eliminates diversity in practice associated with (1) commitments extended by issuers, (2) arrangements associated with conduit debt obligations, and (3) related note disclosures. GASB 91 will be implemented in fiscal year 2023.

Statement No. 94, *Public-Private and Public-Private Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). GASB 94 will be implemented by the City in fiscal year 2023.

Statement No. 96, *Subscription-Based Technology Arrangements* – this Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. GASB 96 will be implemented by the City in fiscal year 2023.

Statement No. 100, *Accounting Changes and Error Corrections—an amendment of GASB Statement No. 62* – this Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023.

Statement No. 101, *Compensated Absences* – this Statement requires that liabilities for compensated absences be recognized for (1) leave that has not been used and (2) leave that has been used but not yet paid in cash or settled through noncash means. The requirements of this Statement are effective for fiscal years beginning after December 15, 2023.

The City has not yet determined the impact of implementation of the new standards.

#### **XV. SUBSEQUENT EVENTS**

On November 8, 2022, City Council approved a construction contract with PLW Waterworks, LLC., in the amount of \$146,256,682 for a water treatment plant expansion project.

#### **XVI. PRIOR PERIOD ADJUSTMENT**

During the fiscal year ended September 30, 2022, the City discovered certain street and drainage infrastructure contributed by developers in fiscal year 2021 that had not been included in capital assets. This resulted in an increase to beginning net position in governmental activities of \$13,114,147.

## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Year Ended December 31, 2021	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability:</b>								
Service cost	\$ 3,897,320	\$ 3,547,199	\$ 3,433,765	\$ 3,417,103	\$ 3,232,222	\$ 3,034,235	\$ 2,748,863	\$ 2,353,433
Interest on total pension liability	5,344,971	4,926,775	4,578,648	4,172,998	3,818,322	3,440,165	3,209,605	2,884,857
Difference between expected and actual experience	2,061,075	199,374	( 789,370)	465,960	( 69,398)	500,239	( 41,827)	112,939
Change of assumptions	-	-	407,721	-	-	-	78,820	-
Benefit payments/refund of contributions	( 2,567,279)	( 2,738,527)	( 2,321,569)	( 1,787,972)	( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
Net change in total pension liability	<u>8,736,087</u>	<u>5,934,821</u>	<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>
Total pension liability, beginning	<u>78,519,738</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>	<u>40,467,153</u>
Total pension liability, ending (a)	<u>\$ 87,255,825</u>	<u>\$ 78,519,738</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>
<b>Fiduciary Net Position:</b>								
Contributions - employer	\$ 3,053,090	\$ 2,835,229	\$ 2,686,156	\$ 2,722,815	\$ 2,572,468	\$ 2,420,286	\$ 2,222,649	\$ 1,958,758
Contributions - employee	1,608,564	1,474,489	1,410,584	1,408,700	1,330,915	1,242,085	1,129,891	1,050,675
Net investment income	9,030,201	4,776,918	8,192,501	( 1,564,337)	6,108,008	2,628,888	53,810	1,858,571
Benefit payments/refunds of contributions	( 2,567,279)	( 2,738,527)	( 2,321,569)	( 1,787,972)	( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
Administrative expenses	( 41,715)	( 30,866)	( 46,229)	( 30,204)	( 31,636)	( 29,674)	( 32,771)	( 19,398)
Other	286	( 1,202)	( 1,389)	( 1,579)	( 1,604)	( 1,599)	( 1,619)	( 1,595)
Net change in fiduciary net position	<u>11,083,147</u>	<u>6,316,041</u>	<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>
Fiduciary net position, beginning	<u>69,156,854</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>32,478,223</u>
Fiduciary net position, ending (b)	<u>\$ 80,240,001</u>	<u>\$ 69,156,854</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>
Net pension liability / (asset), ending = (a)-(b)	<u>\$ 7,015,824</u>	<u>\$ 9,362,884</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>
Fiduciary net position as a percentage of total pension liability	92.0%	88.1%	86.6%	78.7%	85.5%	78.8%	77.8%	81.1%
Pensionable covered payroll	\$ 22,979,479	\$ 21,064,126	\$ 20,151,206	\$ 20,124,280	\$ 19,013,072	\$ 17,744,066	\$ 16,141,296	\$ 15,009,641
Net pension liability as a percentage of covered payroll	30.5%	44.4%	48.4%	71.3%	46.5%	66.7%	68.9%	56.6%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement date of December 31. Plan information is unavailable prior to 2014. Ten years will ultimately be displayed.

**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF EMPLOYER CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 2,148,925	\$ 2,148,925	\$ -	\$ 15,831,530	13.6%
2016	2,450,172	2,450,172	-	17,919,058	13.7%
2017	2,527,062	2,527,062	-	18,641,283	13.6%
2018	2,694,972	2,694,972	-	19,918,489	13.5%
2019	2,717,168	2,717,168	-	20,308,411	13.4%
2020	2,698,001	2,698,001	-	20,091,633	13.4%
2021	2,917,315	2,917,315	-	21,876,456	13.3%
2022	3,428,871	3,428,871	-	25,479,649	13.5%

Note: The information from this schedule corresponds with the City's fiscal years ended September 30. Plan information is unavailable prior to 2015. Ten years will ultimately be displayed.

**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
POSTEMPLOYMENT HEALTH CARE BENEFITS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

<b>Plan Year ended December 31,</b>	<b>2021</b>	<b>2020</b>	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>A. Total OPEB liability</b>					
Service Cost	\$ 59,000	\$ 96,732	\$ 78,706	\$ 90,328	\$ 71,319
Interest (on the Total OPEB Liability)	20,407	46,985	52,162	47,649	47,376
Change of benefit terms	-	( 489,186)	-	-	-
Difference between expected and actual experience of the total OPEB liability	( 1,677)	( 408,907)	( 8,699)	( 119,367)	23,017
Changes of assumptions	( 88,250)	112,508	195,306	( 18,151)	88,203
Benefit payments	( 28,196)	( 26,728)	( 21,125)	( 35,314)	( 51,325)
Net change in Total OPEB liability	( 38,716)	( 668,596)	296,350	( 34,855)	178,590
Total OPEB liability - beginning	<u>1,004,951</u>	<u>1,673,547</u>	<u>1,377,197</u>	<u>1,412,052</u>	<u>1,233,462</u>
Total OPEB liability - ending	<u>\$ 966,235</u>	<u>\$ 1,004,951</u>	<u>\$ 1,673,547</u>	<u>\$ 1,377,197</u>	<u>\$ 1,412,052</u>
<b>B. Covered employee payroll</b>	\$ 21,407,665	\$ 20,714,597	\$ 19,756,919	\$ 19,779,773	\$ 19,013,064
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	4.5%	4.9%	8.5%	7.0%	7.4%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* .



**CITY OF PFLUGERVILLE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Plan Year ended December 31,	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>A. Total OPEB liability</b>					
Service Cost	\$ 75,832	\$ 54,767	\$ 36,272	\$ 42,261	\$ 36,125
Interest (on the Total OPEB Liability)	22,514	23,296	22,831	20,578	19,233
Difference between expected and actual experience	( 13,853)	16,542	3,304	( 10,435)	-
Changes of assumptions	46,692	182,455	164,206	( 52,701)	56,417
Benefit payments, including refunds of employee contributions	( 13,788)	( 4,213)	( 4,030)	( 2,012)	( 1,901)
Net change in Total OPEB liability	117,397	272,847	222,583	( 2,309)	109,874
Total OPEB liability - beginning	<u>1,094,699</u>	<u>821,852</u>	<u>599,269</u>	<u>601,578</u>	<u>491,704</u>
Total OPEB liability - ending	<u>\$ 1,212,096</u>	<u>\$ 1,094,699</u>	<u>\$ 821,852</u>	<u>\$ 599,269</u>	<u>\$ 601,578</u>
<b>B. Covered employee payroll</b>	\$ 22,979,479	\$ 21,064,126	\$ 20,151,206	\$ 20,124,280	\$ 19,013,072
<b>C. Total OPEB liability as a payroll</b>	5.3%	5.2%	4.1%	3.0%	3.2%

Note: This schedule is required to have 10 years of information, but the information prior to 2017 is not available.

Note: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* .

## **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the City of Pflugerville’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.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the City’s financial performance and well-being have changed over time.</i>	94
Revenue Capacity <i>These schedules contain information to help the reader assess the City’s most significant local revenue source, the property tax.</i>	101
Debt Capacity <i>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.</i>	108
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place.</i>	113
Operating Information <i>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.</i>	117

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**

**TABLE 1**

**NET POSITION BY COMPONENTS**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Governmental activities:</b>										
Net investment in capital assets	\$ 121,820	\$ 119,082	\$ 121,114	\$ 110,465	\$ 108,984	\$ 112,265	\$ 115,322	\$ 118,439	\$ 109,360	\$ 104,410
Restricted	2,460	2,691	2,804	3,395	3,851	3,798	4,291	5,601	7,075	7,976
Unrestricted	12,013	13,905	9,276	11,441	20,658	8,476	10,077	16,319	19,303	46,908
<b>Total governmental activities net position</b>	<b>\$ 136,293</b>	<b>\$ 135,678</b>	<b>\$ 133,194</b>	<b>\$ 125,301</b>	<b>\$ 133,493</b>	<b>\$ 124,539</b>	<b>\$ 129,690</b>	<b>\$ 140,359</b>	<b>\$ 135,738</b>	<b>\$ 159,294</b>
<b>Business-type activities:</b>										
Net investment in capital assets	\$ 73,042	\$ 82,043	\$ 81,232	\$ 87,523	\$ 93,657	\$ 102,634	\$ 107,131	\$ 120,254	\$ 138,736	\$ 119,753
Restricted	6,091	8,842	11,281	11,976	11,418	12,608	15,195	19,892	23,526	31,094
Unrestricted	14,048	13,596	14,689	15,857	17,056	18,468	21,832	13,171	9,625	34,421
<b>Total business-type activities net position</b>	<b>\$ 93,181</b>	<b>\$ 104,481</b>	<b>\$ 107,202</b>	<b>\$ 115,356</b>	<b>\$ 122,131</b>	<b>\$ 133,710</b>	<b>\$ 144,158</b>	<b>\$ 153,317</b>	<b>\$ 171,887</b>	<b>\$ 185,268</b>
<b>Primary government:</b>										
Net investment in capital assets	\$ 194,862	\$ 201,125	\$ 202,346	\$ 197,988	\$ 202,641	\$ 214,899	\$ 222,453	\$ 238,694	\$ 248,096	\$ 224,163
Restricted	8,551	11,533	14,085	15,371	15,268	16,406	19,486	25,493	30,601	39,070
Unrestricted	26,061	27,501	23,965	27,298	37,715	26,944	31,909	29,490	28,928	81,329
<b>Total primary government net position</b>	<b>\$ 229,474</b>	<b>\$ 240,159</b>	<b>\$ 240,396</b>	<b>\$ 240,657</b>	<b>\$ 255,624</b>	<b>\$ 258,249</b>	<b>\$ 273,848</b>	<b>\$ 293,677</b>	<b>\$ 307,625</b>	<b>\$ 344,562</b>

CITY OF PFLUGERVILLE, TEXAS

TABLE 2

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Expenses</b>										
Governmental activities:										
General government	\$ 5,315	\$ 6,094	\$ 6,783	\$ 7,428	\$ 10,444	\$ 11,346	\$ 10,334	\$ 10,380	\$ 15,075	\$ 21,546
Public safety	11,639	12,237	13,018	15,012	17,271	17,797	18,250	16,333	16,867	16,448
Public works and streets	13,557	19,772	15,976	22,546	18,471	22,058	20,644	24,141	25,359	22,610
Culture/recreation	4,375	4,783	4,475	4,933	5,312	5,742	6,602	6,340	6,867	8,534
Interest on long-term debt	<u>3,634</u>	<u>3,660</u>	<u>3,846</u>	<u>4,702</u>	<u>5,379</u>	<u>6,048</u>	<u>6,038</u>	<u>6,154</u>	<u>6,955</u>	<u>8,245</u>
Total governmental activities expenses	<u>38,520</u>	<u>46,546</u>	<u>44,098</u>	<u>54,621</u>	<u>56,877</u>	<u>62,991</u>	<u>61,868</u>	<u>63,348</u>	<u>71,123</u>	<u>77,383</u>
Business-type expenses:										
Water and wastewater	18,540	18,751	19,249	21,440	21,981	23,765	27,360	29,868	30,104	38,481
Solid waste	<u>3,767</u>	<u>3,916</u>	<u>4,125</u>	<u>4,360</u>	<u>4,636</u>	<u>4,861</u>	<u>5,094</u>	<u>5,798</u>	<u>6,432</u>	<u>7,012</u>
Total business-type expenses	<u>22,307</u>	<u>22,667</u>	<u>23,374</u>	<u>25,800</u>	<u>26,617</u>	<u>28,626</u>	<u>32,454</u>	<u>35,666</u>	<u>36,536</u>	<u>45,493</u>
Total primary government expenses	<u>\$ 60,827</u>	<u>\$ 69,213</u>	<u>\$ 67,472</u>	<u>\$ 80,421</u>	<u>\$ 83,494</u>	<u>\$ 91,617</u>	<u>\$ 94,322</u>	<u>\$ 99,014</u>	<u>\$ 107,659</u>	<u>\$ 122,876</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 1,247	\$ 1,586	\$ 1,435	\$ 1,582	\$ 1,960	\$ 2,190	\$ 2,106	\$ 4,026	\$ 4,296	\$ 3,728
Public safety	2,874	3,049	3,287	3,693	3,638	3,248	2,721	545	779	905
Culture and recreation	757	717	698	741	749	748	722	184	297	645
Operating grants and contributions	202	479	210	376	493	492	644	4,257	3,681	3,438
Capital grants and contributions	<u>2,882</u>	<u>11,921</u>	<u>12,499</u>	<u>5,949</u>	<u>9,466</u>	<u>14,804</u>	<u>14,631</u>	<u>14,357</u>	<u>893</u>	<u>12,417</u>
Total governmental activities program revenues	<u>7,962</u>	<u>17,752</u>	<u>18,129</u>	<u>12,341</u>	<u>16,306</u>	<u>21,482</u>	<u>20,824</u>	<u>23,369</u>	<u>9,946</u>	<u>21,133</u>
Business-type activities:										
Charges for services:										
Water and wastewater	18,258	17,967	19,457	21,042	21,811	24,953	26,394	29,214	35,404	40,348
Solid waste	3,777	3,935	4,112	4,387	4,631	4,884	5,139	6,047	6,691	7,252
Capital grants and contributions	<u>5,834</u>	<u>12,704</u>	<u>8,819</u>	<u>9,113</u>	<u>7,405</u>	<u>10,328</u>	<u>10,550</u>	<u>9,785</u>	<u>13,631</u>	<u>12,834</u>
Total business-type activities program revenues	<u>27,869</u>	<u>34,606</u>	<u>32,388</u>	<u>34,542</u>	<u>33,847</u>	<u>40,165</u>	<u>42,083</u>	<u>45,046</u>	<u>55,726</u>	<u>60,434</u>
Total primary government program revenues	<u>\$ 35,831</u>	<u>\$ 52,358</u>	<u>\$ 50,517</u>	<u>\$ 46,883</u>	<u>\$ 50,153</u>	<u>\$ 61,647</u>	<u>\$ 62,907</u>	<u>\$ 68,415</u>	<u>\$ 65,672</u>	<u>\$ 81,567</u>

(Continued)

CITY OF PFLUGERVILLE, TEXAS

TABLE 2

CHANGES IN NET POSITION (continued)

LAST TEN FISCAL YEARS

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Net (expense)/revenue</b>										
Governmental activities	\$( 30,558)	\$( 28,794)	\$( 25,969)	\$( 42,280)	\$( 40,571)	\$( 41,509)	\$( 41,044)	\$( 39,979)	\$( 61,177)	\$( 56,250)
Business-type activities	5,562	11,939	9,014	8,742	7,230	11,539	9,629	9,380	19,190	14,941
Total primary government net expense	\$( 24,996)	\$( 16,855)	\$( 16,955)	\$( 33,538)	\$( 33,341)	\$( 29,970)	\$( 31,415)	\$( 30,599)	\$( 41,987)	\$( 41,309)
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property	\$ 17,040	\$ 17,356	\$ 18,411	\$ 21,024	\$ 23,695	\$ 26,731	\$ 27,979	\$ 30,820	\$ 32,644	\$ 36,576
Sales	4,833	5,658	6,736	7,550	8,319	8,988	10,702	12,641	16,096	18,076
Franchise	2,913	3,323	3,493	3,561	3,728	3,929	4,072	4,231	4,778	5,395
Alcoholic beverage	35	68	76	87	81	99	114	113	111	149
Hotel	-	-	1	20	150	340	374	235	394	990
Investment earnings	32	38	79	270	562	1,130	1,455	648	75	1,051
Other income	356	855	1,057	1,019	271	953	721	919	1,705	2,042
Gain on sale of capital assets	39	14	-	-	47	-	-	-	-	-
Transfers	( 772)	750	315	857	844	797	778	1,040	750	2,415
Total governmental activities	24,476	28,062	30,168	34,388	37,697	42,967	46,195	50,647	56,553	66,694
Business-type activities:										
Investment earnings	24	11	55	159	334	878	1,518	727	70	503
Other income	144	101	135	109	51	52	78	92	61	350
Gain on sale of capital assets	-	-	61	-	3	7	-	-	-	-
Transfers	772	( 750)	( 315)	( 857)	( 844)	( 797)	( 778)	( 1,040)	( 750)	( 2,415)
Total business-type activities	940	( 638)	( 64)	( 589)	( 456)	140	818	( 221)	( 619)	( 1,562)
Total primary government	\$ 25,416	\$ 27,424	\$ 30,104	\$ 33,799	\$ 37,241	\$ 43,107	\$ 47,013	\$ 50,426	\$ 55,934	\$ 65,132
<b>Change in Net Position:</b>										
Governmental activities	\$( 6,081)	\$( 733)	\$ 4,198	\$( 7,892)	\$( 2,873)	\$ 1,458	\$ 5,151	\$ 10,670	\$( 4,623)	\$ 10,443
Business-type activities	6,502	11,301	8,950	8,153	6,775	11,679	10,448	9,160	18,570	13,380
Total primary government	\$ 421	\$ 10,568	\$ 13,148	\$ 261	\$ 3,902	\$ 13,137	\$ 15,599	\$ 19,830	\$ 13,947	\$ 23,823



**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 3**

**FUND BALANCES OF GOVERNMENTAL FUNDS**  
(modified accrual basis of accounting; amounts expressed in thousands)

**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>General Fund:</b>										
Committed	\$ 2,432	\$ 2,624	\$ 2,906	\$ 3,947	\$ 2,288	\$ 18	\$ 104	\$ -	\$ -	\$ -
Assigned	-	-	-	-	-	2,294	1,500	1,946	6,164	605
Unassigned	<u>9,513</u>	<u>11,154</u>	<u>12,222</u>	<u>13,793</u>	<u>15,939</u>	<u>14,522</u>	<u>18,056</u>	<u>21,193</u>	<u>23,160</u>	<u>29,165</u>
Total general fund	<u>\$ 11,945</u>	<u>\$ 13,778</u>	<u>\$ 15,128</u>	<u>\$ 17,740</u>	<u>\$ 18,227</u>	<u>\$ 16,834</u>	<u>\$ 19,660</u>	<u>\$ 23,139</u>	<u>\$ 29,324</u>	<u>\$ 29,770</u>
<b>All other governmental funds:</b>										
Restricted	\$ 11,516	\$ 6,705	\$ 24,152	\$ 49,571	\$ 28,613	\$ 28,393	\$ 29,381	\$ 25,814	\$ 85,007	\$ 140,396
Committed	164	214	78	105	64	83	78	74	-	-
Assigned	5	6	5	5	5	5	5	-	5	-
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 57)</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 11,685</u>	<u>\$ 6,925</u>	<u>\$ 24,235</u>	<u>\$ 49,681</u>	<u>\$ 28,682</u>	<u>\$ 28,481</u>	<u>\$ 29,464</u>	<u>\$ 25,831</u>	<u>\$ 85,012</u>	<u>\$ 140,396</u>
<b>Total fund balances</b>	<u>\$ 23,630</u>	<u>\$ 20,703</u>	<u>\$ 39,363</u>	<u>\$ 67,421</u>	<u>\$ 46,909</u>	<u>\$ 45,315</u>	<u>\$ 49,124</u>	<u>\$ 48,970</u>	<u>\$ 114,336</u>	<u>\$ 170,166</u>

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
(accrual basis of accounting)

LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Hotel Tax	Total
2013	\$ 17,040,128	\$ 4,833,364	\$ 2,913,034	\$ 35,467	\$ -	\$ 24,821,993
2014	17,356,210	5,658,163	3,322,550	67,504	-	26,404,427
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

CITY OF PFLUGERVILLE, TEXAS

TABLE 5

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

LAST TEN FISCAL YEARS

(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Revenues:										
Taxes	\$ 24,794	\$ 26,364	\$ 28,765	\$ 32,163	\$ 36,038	\$ 39,970	\$ 43,285	\$ 47,939	\$ 54,028	\$ 61,215
Licenses and permits	1,332	1,663	1,541	1,654	2,037	2,266	2,182	4,108	4,366	3,806
Intergovernmental	2,261	4,192	3,916	3,675	7,747	7,002	6,672	4,195	6,950	11,890
Fines	1,131	1,116	1,129	1,191	1,020	671	690	460	572	575
Interest income	32	38	79	270	562	1,130	1,455	648	75	1,051
Miscellaneous	835	880	912	931	1,132	1,569	957	307	540	956
Total revenues	<u>\$ 30,385</u>	<u>\$ 34,253</u>	<u>\$ 36,342</u>	<u>\$ 39,884</u>	<u>\$ 48,536</u>	<u>\$ 52,608</u>	<u>\$ 55,241</u>	<u>\$ 57,657</u>	<u>\$ 66,531</u>	<u>\$ 79,493</u>
Expenditures:										
General government	\$ 4,889	\$ 5,880	\$ 6,444	\$ 6,830	\$ 9,030	\$ 8,523	\$ 9,809	\$ 10,022	\$ 14,623	\$ 17,523
Public safety	10,977	11,564	12,348	14,017	15,400	16,596	16,158	15,084	16,244	15,687
Public works and streets	2,725	2,889	3,746	3,768	5,314	6,541	5,214	7,733	9,242	7,619
Culture and recreation	3,634	3,771	3,770	3,874	4,186	4,407	4,609	4,351	4,793	6,663
Capital outlay	7,954	12,545	5,922	25,619	26,944	28,842	17,991	9,945	11,518	31,351
Debt service:										
Principal	2,475	2,812	2,910	3,003	3,533	5,283	5,114	5,251	5,221	7,143
Interest	3,411	3,514	3,436	3,794	5,642	5,786	6,017	6,582	6,474	8,013
Other charges	217	145	317	805	6	382	213	6	883	599
Total expenditures	<u>\$ 36,282</u>	<u>\$ 43,120</u>	<u>\$ 38,893</u>	<u>\$ 61,710</u>	<u>\$ 70,055</u>	<u>\$ 76,360</u>	<u>\$ 65,125</u>	<u>\$ 58,974</u>	<u>\$ 68,998</u>	<u>\$ 94,598</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$( 5,897)</u>	<u>\$( 8,867)</u>	<u>\$( 2,551)</u>	<u>\$( 21,826)</u>	<u>\$( 21,519)</u>	<u>\$( 23,752)</u>	<u>\$( 9,885)</u>	<u>\$( 1,317)</u>	<u>\$( 2,467)</u>	<u>\$( 15,105)</u>

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 5**

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (continued)

LAST TEN FISCAL YEARS

(modified accrual basis of accounting; amounts expressed in thousands)

Other financing sources (uses):										
Transfers out	\$( 1,585)	\$( 59)	\$( 638)	\$( 281)	\$( 2,069)	\$( 2,847)	\$( 840)	\$( 709)	\$( 680)	\$( 8,830)
Transfers in	813	809	953	1,138	2,913	3,645	1,618	1,750	1,430	11,245
Sale of capital assets	39	14	26	50	47	56	55	68	487	23
Premium on bonds issued	64	154	1,448	6,880	-	3,170	830	-	9,473	7,335
Issuance of bonds	6,600	4,980	22,441	68,980	-	28,200	11,991	-	78,500	60,998
Payment to bond refunding escrow agent	-	-	( 3,045)	( 26,928)	-	( 10,083)	-	-	( 21,723)	-
Insurance recoveries	<u>11</u>	<u>41</u>	<u>27</u>	<u>46</u>	<u>117</u>	<u>18</u>	<u>40</u>	<u>52</u>	<u>347</u>	<u>164</u>
Total other financing sources (uses)	<u>5,942</u>	<u>5,939</u>	<u>21,212</u>	<u>49,885</u>	<u>1,008</u>	<u>22,159</u>	<u>13,694</u>	<u>1,161</u>	<u>67,834</u>	<u>70,935</u>
Net change in fund balances	<u>\$ 45</u>	<u>\$( 2,928)</u>	<u>\$ 18,661</u>	<u>\$ 28,059</u>	<u>\$( 20,511)</u>	<u>\$( 1,593)</u>	<u>\$ 3,809</u>	<u>\$( 156)</u>	<u>\$ 65,367</u>	<u>\$ 55,830</u>
Capital outlay (including amounts reported under departmental expenditures)	\$ 7,558	\$ 6,689	\$ 5,580	\$ 18,969	\$ 26,033	\$ 24,187	\$ 17,518	\$ 9,569	\$ 11,000	\$ 29,264
Debt service as a percentage of noncapital expenditures	21%	17%	19%	16%	21%	21%	23%	24%	20%	23%

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 6**

**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**

**LAST TEN FISCAL YEARS**

Fiscal Year	Real 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
	Residential Property	Commercial Property	Personal Property							
2013	\$ 2,276,991,273	\$ 572,854,494	\$ 241,161,415		\$ 264,075,219	\$ 2,826,931,963	0.83%	\$ 0.5940	\$ 2,826,931,963	100%
2014	2,438,725,287	532,237,861	577,588,825		535,819,349	3,012,732,624	6.57%	0.5736	3,012,732,624	100%
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%

Source: Travis Central Appraisal District; Williamson County Appraisal District

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 7**

**PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS  
(per \$100 of Assessed Value)**

**LAST TEN FISCAL YEARS**

Fiscal Year	City of Pflugerville			Travis County			Pflugerville Independent School District			Travis County Emergency Services District #2			Travis County Healthcare District			Total Direct & Overlapping Rates
	General Fund O & M*	Debt Service	Total City	O & M*	Debt Service	Total County	O & M*	Debt Service	Total PISD	O & M*	Debt Service	Total ESD#2	O & M*	Debt Service	Total TCHD	
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400	0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400	0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372
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

\* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 8**

**WATER AND WASTEWATER RATES**

**LAST TEN FISCAL YEARS**

	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b><u>Water Rates</u></b>										
Base Charge	\$ 13.68	\$ 13.68	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.70	\$ 15.70	\$ 17.00	\$19.00
Usage:										
0 - 3,000 gallons			3.40	3.40	3.40	3.40	3.40	3.40	3.80	4.20
0 - 12,000 gallons	4.35	4.35								
0 - 15,000 gallons										
3,000 - 10,000 gallons			4.30	4.30	4.30	4.30	4.30	4.30	4.80	5.30
10,001 - 25,000 gallons			5.40	5.40	5.40	5.40	5.40	5.40	6.00	6.60
15,001 - 20,000 gallons										
12,000 - 26,000 gallons	4.61	4.61								
20,001 - 25,000 gallons										
25,001 + gallons			6.80	6.80	6.80	6.80	6.80	6.80	7.50	10.00
25,001 - 30,000 gallons										
26,001 + gallons	4.73	4.73								
30,001 - 35,000 gallons										
35,001 - 40,000 gallons										
40,001 - 45,000 gallons										
45,000 + gallons										
<b><u>Wastewater Rates</u></b>										
Base (4,000 gallons)										
Base (3,000 gallons)										
Base (3,000 gallons)	18.50	18.50								
Base (3,000 gallons)										
Base (0 gallons)			19.50	19.50	19.50	22.50	23.50	23.50	28.50	29.00
Usage per 1,000 gallons	3.51	3.51	1.25	1.25	1.25	1.55	2.20	2.20	4.20	4.20
City average (new customers)	28.85	25.17	25.63	25.50	26.13	30.72	32.74	33.62	47.82	51.26

Note: The rates and charges provided represent those of a residential customer within the City limits with a typical 5/8" meter. 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 and February). New customers start with the City average until their own rate is established.

CITY OF PFLUGERVILLE, TEXAS

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2022			2013		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH 130-SH 45 LP (New Quest)	\$ 132,468,743	1	1.97%	\$ 58,180,691	1	2.06%
Amazon.com Services LLC	110,000,000	2	1.64%	-	-	-
Living Spaces Pflugerville LLC	71,248,778	3	1.06%	-	-	-
Centennial Stone Hill Two LP	66,960,000	4	1.00%	-	-	-
MA Emerson at Pflugerville LLC	59,200,000	5	0.88%	-	-	-
Cenennial Stone Hill LP	57,900,000	6	0.86%	-	-	-
Bel Falcon Limited Partnership	53,640,000	7	0.80%	-	-	-
Oncor Electric Delivery Company	49,959,663	8	0.74%	21,524,393	4	0.76%
Swenson Farms Aartment Community LLC	48,900,000	9	0.73%	-	-	-
HRA Stone Hill LLC	47,400,000	10	0.71%	-	-	-
1825 Place LLC	-	-	-	23,570,000	3	0.83%
Avaya Inc.	-	-	-	-	-	-
FSC Swenson Farms LLC	-	-	-	27,225,000	2	0.96%
Wal-Mart Real Estate Business Trust	-	-	-	15,840,317	5	0.56%
Timmerman Terrel	-	-	-	13,815,794	6	0.49%
Home Depot	-	-	-	12,754,382	7	0.45%
Western Rim Investors 2011-1 LP	-	-	-	12,000,000	8	0.42%
IXIA Inc.	-	-	-	11,415,379	9	0.40%
Verde Meister Lane LP	-	-	-	9,808,428	10	0.35%
	<u>\$ 697,677,184</u>		<u>10.39%</u>	<u>\$ 206,134,384</u>		<u>7.28%</u>

Source: Travis Central Appraisal District



WATER AND WASTEWATER CUSTOMERS

LAST TEN FISCAL YEARS

Fiscal Year	Water		Wastewater	
	Water Customers	Percentage of Change	Wastewater Customers	Percentage of Change
2013	13,844	4.8%	14,728	4.3%
2014	14,651	5.8%	15,514	5.3%
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%

Source: Utility Billing department.

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 11**

**PROPERTY TAX LEVIES AND COLLECTIONS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Original Tax Levy for the Fiscal Year <sup>1</sup>	Adjusted Tax Levy for the Fiscal Year <sup>2</sup>	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			
2013	\$ 16,791,976	\$ 17,008,356	\$ 16,892,470	99.32%	\$ 88,100	\$ 16,980,570	99.84%
2014	17,189,602	17,320,892	17,245,430	99.56%	56,438	17,301,869	99.89%
2015	17,999,015	18,328,145	18,291,430	99.80%	18,785	18,310,215	99.90%
2016	20,265,425	20,844,072	20,781,895	99.70%	41,623	20,823,518	99.90%
2017	22,806,319	23,728,362	23,676,457	99.78%	90,634	23,691,278	99.84%
2018	25,520,254	26,617,967	26,545,109	99.73%	43,341	26,494,170	99.53%
2019	26,722,531	27,832,383	27,757,678	99.73%	73,644	27,770,391	99.78%
2020	30,841,080	31,173,033	31,068,415	99.66%	85,856	31,068,650	99.67%
2021	32,892,118	32,702,020	32,532,909	99.48%	97,760	32,532,909	99.48%
2022	37,032,726	36,780,958	36,610,336	99.54%	-	36,610,336	99.54%

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

WATER AND WASTEWATER REVENUE COLLECTED

LAST TEN FISCAL YEARS

Fiscal Year	Water Revenue	Wastewater Revenue
2013	\$ 12,122,244	\$ 6,136,113
2014	11,719,177	6,248,186
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	18,507,734	14,658,924
2022	24,907,361	15,440,449

Source: City Financial Reports

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

Governmental Activities					
Fiscal Year	General Obligation Bonds <sup>1</sup>	Certificates of Obligation	Refunding Bonds	Deferred Charges <sup>2</sup>	Total Governmental Activities
2013	\$ 7,205	\$ 46,965	\$ 25,820	\$ 2,327	\$ 82,317
2014	6,555	50,786	24,817	2,362	84,520
2015	17,730	54,943	26,043	3,614	102,330
2016	45,266	47,816	47,156	10,290	150,528
2017	44,539	46,604	45,562	9,869	146,574
2018	56,436	37,741	55,879	12,603	162,658
2019	65,051	43,087	48,795	12,887	169,820
2020	64,008	41,584	46,090	12,340	164,022
2021	71,065	42,261	91,970	20,165	225,461
2022	113,305	57,232	88,782	26,384	285,703

Business-Type Activities					
Fiscal Year	Certificates of Obligation		Refunding Bonds	Deferred Charges <sup>2</sup>	Total Business-Type Activities
	Water	Wastewater			
2013	\$ 1,134	\$ 18,195	\$ 53,955	\$ 6,723	\$ 80,008
2014	622	17,522	53,148	6,399	77,691
2015	11,548	11,104	62,242	7,877	92,771
2016	11,405	10,914	60,208	7,494	90,021
2017	11,176	10,690	57,924	7,116	86,907
2018	10,943	21,311	60,706	9,417	102,376
2019	10,705	32,723	58,209	9,774	111,411
2020	10,462	32,299	55,617	9,249	107,627
2021	11,620	65,749	50,345	14,773	142,487
2022	91,857	107,076	46,918	19,430	198,531

Fiscal Year	Total Primary Government Debt	Percentage of Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
2013	\$ 162,325	10.2%	3,048
2014	162,211	9.6%	2,958
2015	195,101	11.5%	3,518
2016	240,549	13.0%	4,209
2017	233,481	11.4%	3,815
2018	265,035	12.0%	4,124
2019	281,232	10.9%	3,950
2020	271,649	9.5%	3,671
2021	367,948	12.6%	4,841
2022	484,234	15.9%	5,985

<sup>2</sup> Deferred charges include premiums and discounts on bonds.

<sup>3</sup> See the Demographics Statistics for personal income and population data.

Source: City Financial Reports

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 14**

**GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Refunding Bonds	Deferred Charges <sup>1</sup>	Total	Less: Accumulated Resources	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property	Net Debt Per Capita
2013	\$ 7,205	\$ 46,965	\$ 25,820	\$ 2,327	\$ 82,317	\$ 1,646	\$ 80,671	2.85%	\$ 1,515
2014	6,555	50,786	24,817	2,362	84,520	1,690	82,830	2.75%	1,510
2015	17,730	54,943	26,043	3,614	102,330	2,047	100,283	2.91%	1,808
2016	45,266	47,816	47,156	10,290	150,528	3,011	147,517	3.81%	2,581
2017	44,539	46,604	45,562	9,869	146,574	2,141	144,433	3.28%	2,360
2018	56,436	37,741	55,879	12,603	162,659	2,316	160,343	3.25%	2,494
2019	65,051	43,087	48,795	12,888	169,822	2,350	167,472	2.98%	2,352
2020	64,008	41,584	46,090	12,340	164,023	3,124	160,899	2.60%	2,174
2021	71,065	42,261	91,970	20,165	225,461	3,534	221,927	3.34%	2,920
2022	113,305	57,232	88,782	26,384	285,703	3,802	281,901	4.20%	3,631

<sup>1</sup> Deferred charges include premiums and discounts on bonds.

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2022

<u>Taxing Body</u>	<u>Debt Outstanding<sup>1</sup></u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Estimated Overlapping Debt:			
Travis County MUD #15	\$ 30,925,000	100.00%	\$ 30,925,000
Travis County MUD #23	19,465,000	100.00%	19,465,000
Pflugerville I.S.D.	570,555,000	39.19%	223,600,505
Travis County	1,054,720,000	2.84%	29,954,048
Travis County Healthcare District	82,490,000	2.84%	2,342,716
Northeast Travis County Utility District	18,785,000	0.26%	48,841
Austin CCD	436,260,000	0.04%	174,504
Williamson County	<u>1,116,790,000</u>	0.03%	<u>335,037</u>
Total estimated overlapping debt	3,329,990,000		306,845,651
Direct Debt - City of Pflugerville	<u>259,319,497</u>	100.00%	<u>259,319,497</u>
Direct and Estimated Overlapping Debt	<u>\$ 3,589,309,497</u>		<u>\$ 566,165,148</u>

Sources:

<sup>1</sup> This 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 or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/21), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

<sup>2</sup> Individual taxing bodies and Travis Central Appraisal District.

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 16**

**LEGAL DEBT MARGIN INFORMATION**

**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Debt Limit	\$ 42,403,979	\$ 45,190,989	\$ 51,639,427	\$ 58,077,424	\$ 66,036,540	\$ 74,091,290	\$ 84,389,619	\$ 92,969,493	\$ 99,545,685	\$ 100,705,761
Total net debt applicable to limit	<u>5,886,306</u>	<u>6,325,351</u>	<u>6,345,656</u>	<u>6,797,076</u>	<u>9,175,478</u>	<u>11,068,992</u>	<u>11,131,351</u>	<u>10,851,180</u>	<u>11,695,259</u>	<u>14,656,133</u>
Legal debt margin	<u>\$ 36,517,673</u>	<u>\$ 38,865,638</u>	<u>\$ 45,293,771</u>	<u>\$ 51,280,348</u>	<u>\$ 56,861,062</u>	<u>\$ 63,022,298</u>	<u>\$ 73,258,268</u>	<u>\$ 82,118,313</u>	<u>\$ 87,850,426</u>	<u>\$ 86,049,628</u>
Total net debt applicable to the limit as a percentage of debt limit	13.9%	14.0%	12.3%	11.7%	13.9%	14.9%	13.2%	11.7%	11.7%	14.6%

**Legal Debt Margin Calculation for Fiscal Year 2022**

Assessed value of taxable property:		\$6,713,717,387
Debt limit (\$1.50 per \$100 of assessed valuation)		\$ 100,705,761
2022 annual debt service applicable to limit:		
General obligation - principal	\$ 6,974,681	
General obligation - interest	<u>7,681,452</u>	<u>14,656,133</u>
Legal debt margin		<u>\$ 86,049,628</u>

Note: Article XI, Section 5, of the Texas Constitution limits the City's maximum ad valorem tax rate to \$2.50 per \$100 assessed valuation (for all City purposes). The City's Charter adopts the provisions of the Constitution without further limitation. The Attorney General of the State of Texas administratively imposes a maximum general obligation debt service tax rate of \$1.50 of the \$2.50 maximum ad valorem tax rate.

CITY OF PFLUGERVILLE, TEXAS

TABLE 17

REVENUE BOND COVERAGE  
WATER AND WASTEWATER BONDS

LAST TEN FISCAL YEARS

Fiscal Year	Gross Water and Wastewater Revenues	Operating Expenses <sup>1</sup>	Net Revenue Available for Debt Service	Debt Service Requirements			Coverage
				Principal	Interest	Total	
2013	\$ 18,426,637	\$ 11,414,204	\$ 7,012,433	\$ 1,928,817	\$ 3,242,086	\$ 5,170,903	1.36
2014	18,079,253	11,444,451	6,634,802	1,991,747	3,163,526	5,155,273	1.29
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	9,140,372	1.01
2022	40,347,810	33,627,741	6,720,069	4,957,171	4,799,723	9,756,894	0.69

<sup>1</sup>Excludes depreciation expense

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



CITY OF PFLUGERVILLE, TEXAS

TABLE 18

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population <sup>1</sup>	School Enrollment <sup>2</sup>	Total Personal Income <sup>3</sup>	Personal Income Per Capita <sup>4</sup>	Unemployment Rate <sup>5</sup>
2013	53,250	23,225	\$ 1,597,233,750	\$ 29,995	4.5
2014	54,843	23,463	1,681,157,322	30,654	3.5
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

<sup>1</sup>City of Pflugerville Planning Department.

<sup>2</sup>Pflugerville Independent School District.

<sup>3</sup>Total Personal Income calculated from Personal Income per capita and Population.

<sup>4</sup>Personal income per capita from the U.S. Census Bureau Demographic Profile.

<sup>5</sup>Pflugerville 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**

**TABLE 19**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

<u>2022</u>		<u>2013</u>	
<u>Employer</u>	<u>Employees</u>	<u>Employer</u>	<u>Employees</u>
Amazon	1,547	Pflugerville ISD	1,497
Pflugerville ISD	1,400	Walmart	325
City of Pflugerville	407	City of Pflugerville	289
Walmart	325	Target	200
Brandt	306	HEB	200
Cash Construction Co.	250	Avant Technologies	155
Mtech	268	Flextronics	150
ESD	250	Titus Systems	135
Curative	248	Home Depot	125
Costco	<u>200</u>	Austin Foam Plastics	<u>115</u>
Total	<u><u>5,201</u></u>	Total	<u><u>3,191</u></u>

Source:  
Pflugerville Community Development Corporation

WATER AND WASTEWATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Water Customers				Wastewater Customers			
	Residential	Commercial	Other	Total	Residential	Commercial	Other	Total
2013	13,303	396	145	13,844	14,456	223	49	14,728
2014	14,059	449	143	14,651	15,225	240	49	15,514
2015	15,000	457	150	15,607	16,167	245	50	16,462
2016	15,856	497	162	16,515	17,079	260	54	17,393
2017	16,774	525	181	17,480	18,058	273	60	18,391
2018	17,575	564	189	18,328	18,967	291	63	19,321
2019	18,567	583	206	19,356	20,027	302	70	20,399
2020	19,620	603	222	20,445	21,170	308	73	21,551
2021	20,366	711	166	21,243	22,163	322	46	22,531
2022	20,477	1054	229	21,760	23,013	347	60	23,420

Source: Utility Billing Department

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 21**

**FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Administration <sup>1</sup>	23.5	23.5	24.5	24.5	28.5	27.5	28.5	-	-	-
Animal Welfare Services <sup>2</sup>	-	-	-	-	10	10	11.5	11.5	10.5	12
Building Inspection	6	4	5	5	5	5	6	6	6	7
City Manager's Office <sup>1</sup>	-	-	-	-	-	-	-	6.5	5.5	8
Communications <sup>1</sup>	-	-	-	-	-	-	-	5.5	5.5	6
Development Services Admin <sup>3</sup>	-	5	5	4	3	3	4	4	4	13.5
Engineering	7	7	11	13	14	13	15	18	18	10
Facilities Maintenance <sup>1</sup>	-	-	-	-	-	-	-	6.5	6.5	7
Fleet	3	3	3.5	3.5	3.5	3.5	3.5	3.5	4	4
Finance	-	-	-	-	-	-	-	8	9	13
Information Technology <sup>4</sup>	-	-	-	-	-	6	5	5	6	8
Library	15	15	18	18	19	20	20.5	20.5	20.5	20.5
Municipal Court	6	6	5.5	5.5	5.5	5.5	5.5	5.5	6	5.5
Parks & Recreation										
Full Time	32	31.5	26.5	26.5	27.5	31.5	33.5	33.5	13	33.7
Seasonal	31.38	32	31.25	31.25	31.25	31	30.5	30.5	30.1	16.5
People and Culture <sup>1</sup>	-	-	-	-	-	-	-	4	4	5
Planning & Development	7	6.5	6.5	7.5	9.5	8.5	12.5	14.5	14.5	16
Police Services										
Officers	78.5	80.5	83.5	85.5	86	87	89	91	91	99
PflSD Officers <sup>5</sup>	20	20	22	23	24	24	-	-	-	-
Civilians	27.5	30.5	37.5	42	38.5	38	40.5	39.5	46	41
Resource Recovery <sup>6</sup>	-	-	-	-	-	-	-	6	-	-
Streets	21	22	31	29	28	28	28	28	28	31
Solid Waste <sup>7</sup>	-	-	-	-	-	-	-	-	-	1
Water	21	23	24.5	27.5	27.5	31.25	32.25	35.25	35.5	40.5
Wastewater	<u>21</u>	<u>24</u>	<u>25.5</u>	<u>26.5</u>	<u>26.5</u>	<u>29.25</u>	<u>32.25</u>	<u>29.25</u>	<u>35.5</u>	<u>33.5</u>
<b>Total Employees</b>	<b><u>320</u></b>	<b><u>334</u></b>	<b><u>361</u></b>	<b><u>372</u></b>	<b><u>387</u></b>	<b><u>402</u></b>	<b><u>398</u></b>	<b><u>412</u></b>	<b><u>399</u></b>	<b><u>432</u></b>

<sup>1</sup> The Administration Department was separated into its various functions in FY 2020.

<sup>2</sup> Previously a function of the Police Department

<sup>3</sup> New function in FY 2014

<sup>4</sup> Previously budgeted in the Administration Department

<sup>5</sup> PflSD Officers became an in-house function of the Pflugerville Independent School District in FY 2019.

<sup>6</sup> Previously budgeted in Wastewater

<sup>7</sup> New function in FY 2022

Source: City of Pflugerville Budget

CITY OF PFLUGERVILLE, TEXAS

TABLE 22

OPERATING INDICATORS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Animal Welfare Services										
Animals Taken Into Shelter	792	1,098	1,077	892	791	989	1,171	781	846	828
Building Inspection										
Residential Permits	650	826	974	953	1,048	1,307	1,481	1,262	1,187	522
Commercial Permits	34	49	38	75	39	149	218	373	367	346
Inspections Performed	20,165	25,018	29,915	36,670	35,692	39,350	43,523	40,413	36,390	29,876
Engineering										
Construction Plans Reviewed	25	36	37	33	35	35	26	40	45	51
Construction inspections	15,000	13,024	23,804	26,982	25,300	32,054	26,700	46,970	10,320	3
Fleet										
Vehicle Inspections	160	117	191	192	229	240	238	215	202	201
Library										
Library Visits (000) <sup>1</sup>	295	444	323	209	220	231	390	319	318	339
Items Circulated (000) <sup>1</sup>	358	400	390	450	447	458	556	433	455	555
Municipal Court										
Cases Filed	13,605	11,615	11,509	12,642	9,717	6,748	8,020	4,397	3,626	4,401
Warrants Issued	4,414	3,849	5,494	6,242	4,235	1,377	1,592	919	2,260	3,514
Parks & Recreation										
Recreation Center Members <sup>2</sup>	1,336	1,246	1,309	1,067	1,058	1,209	1,171	1,806	2,213	2,536
Facilities Reservations	736	629	798	911	728	634	625	79	97	1,798
Recreation Program Participants	2,809	2,555	3,131	3,056	4,138	4,468	3,456	1294	4,535	5,192
Planning & Development										
Single Family Lots Reviewed	4,005	1,877	2,151	3,000	2,304	2,656	2,084	2175	1,579	370
Subdivision Plat Applications	40	51	66	69	50	53	41	44	87	89
Zoning Applications	10	9	14	10	8	14	11	13	19	10
Police Services										
Citations Issued	12,002	10,284	10,292	11,525	9,269	8,957	14,368	9,490	9,786	4,013
Arrests										
Felony	309	286	436	475	538	440	525	548	480	567
Misdemeanor	663	626	690	3,019	2,525	1,512	1,388	928	889	800
Calls for Service	68,518	62,790	62,360	55,634	48,576	54,183	57,205	43,314	52,790	41,318

(Continued)

**CITY OF PFLUGERVILLE**

**TABLE 22**

OPERATING INDICATORS BY FUNCTION (continued)

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<b>Streets</b>										
Miles of Streets Maintained	197	206	213	218	221	221	230	240	255	262
Potholes and Patches	-	-	-	-	-	-	-	1,218	1,830	1,690
Street Signs Replaced <sup>1</sup>	-	-	-	-	-	-	-	1,272	1,500	1,768
<b>Water</b>										
New Connections	631	556	1,009	908	965	848	1,034	950	1,000	217
Water Main Breaks Repaired	8	8	9	3	4	5	6	10	5	4
Average Daily Usage (MGD)	6.02	6.10	6.59	6.84	6.69	7.49	8	8	8	9
<b>Wastewater</b>										
Average Daily Flow (MGD)	2.90	3.50	4.05	4.49	4.18	4.32	5.19	5.74	6.23	5.07
Wastewater Treated (MG)	1,060	1,200	1,478	1,638	1,525	1,576	1,894	2,096	2,273	1,794
Blockages Cleared	102	110	87	77	66	116	139	124	70	22

<sup>1</sup> Physical & virtual

<sup>2</sup> Families are counted as one member

<sup>3</sup> Information was not available for 2022

Sources: Various City departments

CITY OF PFLUGERVILLE, TEXAS

TABLE 23

CAPITAL ASSETS BY FUNCTION

LAST TEN FISCAL YEARS

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
Fleet:										
Fleet Vehicles	172	181	187	197	222	235	252	275	273	287
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)	61	66	68	68	70	78	82	86	89	92
Parks & Recreation:										
Parks	35	36	36	36	36	37	38	38	33	33
Park Acreage	709	733	737	737	737	737	737	737	1112	1112
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	31	45	45	47	53	53	53
Police Services:										
Stations	1	1	1	1	1	1	1	1	1	1
Animal Shelter (sq ft)										
Streets:										
Streets (miles)	197	206	213	218	221	224	230	230	247	262
Street Signs	-	-	-	-	-	-	-	-	1,500	7,345
Traffic Signals	9	10	11	11	13	15	18	21	34	44
Water:										
Surface Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
Capacity (MGD)	15.5	20.6	20.6	20.6	20.6	20.6	20.6	20.6	17.7	17.7
Surface Water Reservoir (acres)	180	180	180	180	180	180	180	180	180	180
Water lines (miles)	200	211	224	238	245	265	271	268	278	282
Wells in Operation	3	3	3	3	3	3	3	3	2	2
Wastewater:										
Wastewater lines (miles)	191	202	216	226	231	240	240	267	277	283
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	1	1
Capacity (MGD)	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.3	5.3

Sources: Various City departments

## **SINGLE AUDIT SECTION**





**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 the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pflugerville, Texas (the "City"), as of and for the year ended September 30, 2022, 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 28, 2023.

***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 audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

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

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

**OFFICE LOCATIONS**

**TEXAS** | Waco | Temple | Hillsboro | Houston  
**NEW MEXICO** | Albuquerque

## **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*.

### **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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas  
March 28, 2023

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR  
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL  
OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE**

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 City of Pflugerville, Texas' (the "City") compliance with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. 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 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, 2022.

***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.

## ***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 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.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses or significant deficiencies. However, material weaknesses or significant deficiencies 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.

Waco, Texas  
March 28, 2023

**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-through Grantor/ Program or Cluster Title	Assistance Listing Number	Pass-through Entity Identifying Number	Total Federal Expenditures	Passed Through to Subrecipients
<b><u>U.S. Department of Commerce</u></b>				
Direct Program:				
COVID-19 - Economic Adjustment Assistance	11.307	08-79-05491	\$ 367,061	\$ -
Total Economic Development Cluster			<u>367,061</u>	<u>-</u>
Total U.S. Department of Commerce			<u>367,061</u>	<u>-</u>
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Program:				
Community Development Block Grant	14.218	B-22-MC-48-0516	51,309	-
Total CDBG - Entitlement Grants Cluster			<u>51,309</u>	<u>-</u>
Total U.S. Department of Housing and Urban Development			<u>51,309</u>	<u>-</u>
<b><u>U.S. Department of Justice</u></b>				
Passed through the Texas Office of the Governor:				
Crime Victim Assistance	16.575	3734803	61,945	-
Project Safe Neighborhoods	16.609	4191601	114,764	-
Edward Byrne Memorial Justice Assistance Grant Program	16.738	3996301	46,484	-
Total Passed through the Texas Office of the Governor			<u>223,193</u>	<u>-</u>
Total U.S. Department of Justice			<u>223,193</u>	<u>-</u>
<b><u>U.S. Department of Transportation</u></b>				
Passed through the Texas Department of Transportation:				
State and Community Highway Safety Grant Program	20.600	2022-Pflugerville- S-1YG-00052	2,259	-
National Priority Safety Programs	20.616	2022-Pflugerville- IDM-00026	1,452	-
Total Highway Safety Cluster			<u>3,711</u>	<u>-</u>
Total Passed through the Texas Department of Transportation			<u>3,711</u>	<u>-</u>
Total U.S. Department of Transportation			<u>3,711</u>	<u>-</u>
<b><u>U.S. Department of the Treasury</u></b>				
Direct Program:				
COVID-19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	597,754	-
Total Direct Program			<u>597,754</u>	<u>-</u>
Total U.S. Department of the Treasury			<u>597,754</u>	<u>-</u>
Total Expenditures of Federal Awards			<u>\$ 1,243,028</u>	<u>\$ -</u>

The accompanying notes are an integral part of this schedule.

**CITY OF PFLUGERVILLE, TEXAS**

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

**1. BASIS OF ACCOUNTING**

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

**2. BASIS OF PRESENTATION**

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the City. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

**3. PASS-THROUGH EXPENDITURES**

None of the federal programs expended by the City were provided to subrecipients.

**4. INDIRECT COSTS**

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

CITY OF PFLUGERVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

**Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued Unmodified

Internal control over financial reporting:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered a material weakness? None reported

Noncompliance material to financial statements noted? None

Federal Awards:

Internal control over major programs:

Material weakness(es) identified? No

Significant deficiency(ies) identified that are not considered a material weakness? None reported

Type of auditor's report issued on compliance for major programs Unmodified

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 100.516(a) No

Identification of major programs:

Assistance Listing Number: 21.027 Name of Program or Cluster: COVID-19 - Coronavirus State and Local Fiscal Recovery Funds

Dollar threshold used to distinguish between type A and type B programs \$750,000

Auditee qualified as low-risk auditee Yes

**Findings Relating to the Financial Statements That Are Required to be Reported in Accordance With Generally Accepted Government Auditing Standards**

None

**Findings and Questioned Costs for Federal Awards**

None



**CITY OF PFLUGERVILLE, TEXAS**

**SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2022**

None