

CITY OF PFLUGERVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2018

DRAFT

Prepared by

Finance Department



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**City of Pflugerville, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2018**

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INTRODUCTORY SECTION

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March 26, 2019

Honorable Mayor and City Council,
Members of the Finance and Budget Committee,
and Citizens of Pflugerville, Texas:

The Comprehensive Annual Financial Report (CAFR) of the City of Pflugerville, Texas, for the fiscal year ended September 30, 2018, including the independent auditors' 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, 2018.

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, 2018. 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 government

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas and the 11th most populous U.S. city. This location places the City of Pflugerville within three hours 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. In the spring of 2018, the Census Bureau ranked Pflugerville as the third fastest-growing city in the United States. For fiscal year 2018, the City's Planning Department has estimated a total population of 64,260. This growth is expected to continue, although the pace may be slowing slightly.

Profile of the government (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 is 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 including 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.

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.

The increasing population and the City's location surrounding the intersection of two major regional toll roadways, State Highways 130 and 45, has encouraged business growth within the City limits. The City's largest commercial centers, Stone Hill Town Center and 130 Commerce Park are both situated along these major roadways. As these developments near build out, the Pflugerville Community Development Corporation (PCDC) is actively recruiting new businesses. The growth has also allowed the City to diversify its tax base. In 2018, the first Living Spaces furniture store in Texas opened in Pflugerville. The Pflugerville location will be the only location in the Central Texas region and features over 146,000 square feet of retail space in addition to about 383,000 square feet of warehouse space. The Pflugerville Costco also opened in July of 2018. The Pflugerville Costco includes over 150,000 square feet of warehouse, retail and restaurant space.

Long-term financial planning

At the end of fiscal year 2018, the unassigned fund balance in the general fund was 50.8% of total general fund operating expenditures for the year. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., at least 25% of total general fund expenditures). Through the use of a five-year budget planning cycle, the development of the

Long-term financial planning (continued)

general fund pro forma for the next five years includes the reduction of the fund balance to the 25% 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). The plan is anticipated to guide the City's development and growth through the year 2030.

Major initiatives

Utility Infrastructure Projects. Water infrastructure projects continue to focus on increasing system redundancy and expanding the system to support new development. In fiscal year 2018, the Heatherwilde Elevated Storage Tank is near completion which, at 1.5 million gallons, is now the City's largest elevated water storage facility. Two wastewater interceptors were completed to increase the City's wastewater collection capacity in the eastern portion of the City's service area, where development is rapidly occurring. Construction is underway on interim improvements as part of the Central Wastewater Treatment Plant Expansion. This expansion will increase capacity from 5.3 MGD (millions of gallons per day) to 10 MGD.

General Fund Projects. Roads and street infrastructure continue to be an important ongoing improvement to the community. During fiscal year 2018, the Rowe Lane improvement project was completed. Construction improvements to Weiss Lane, East Pflugerville Parkway and the Heatherwilde and Windermere subdivision streets are ongoing and design continues on the Pfennig Lane Widening and Reconstruction project. Completion of these projects will close out the roadway projects approved by voters in the November 2014 election. Also in the 2014 election, voters approved funding for numerous Parks projects. Currently, the initial construction of the 1849 Park Sports Complex is near completion and Wilbarger Creek Park is currently in design.

Economic development continues to be a major focus of the efforts that are being made by City and Pflugerville Community Development Corporation staff. Economic development efforts include partnering with developers to build commercial projects and encouraging employer relocation to the City. Construction of Baylor Scott and White Health, the City's first hospital, is expected to be complete in late 2018. The three-story, nearly 100,000 square foot building will feature multidisciplinary care and a multispecialty medical clinic. As the City's largest commercial centers Stone Hill Town Center and 130 Commerce Park near buildout, various other commercial and retail centers continue to be constructed for future businesses including Tri Business Park, Picadilly Business Park and Pfairways Office Park.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2017. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR 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 CAFR 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.

Awards and Acknowledgements (continued)


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 ended September 30, 2017. In order to apply for the PAFR, the government must first have received the Certificate Achievement for Excellence in Financial Reporting.

The government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2017. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

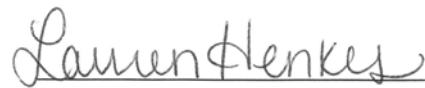
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its presentation. Additionally, we would like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

We would also like to thank the City Manager, Assistant City Manager, Mayor, City Council, and members of the Finance and Budget Committee for their unfailing support for 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,



Amy M. Good, CPA, CGFO
Finance Director



Lauren Henkes, CGFO
Assistant Finance Director



Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Pflugerville
Texas**

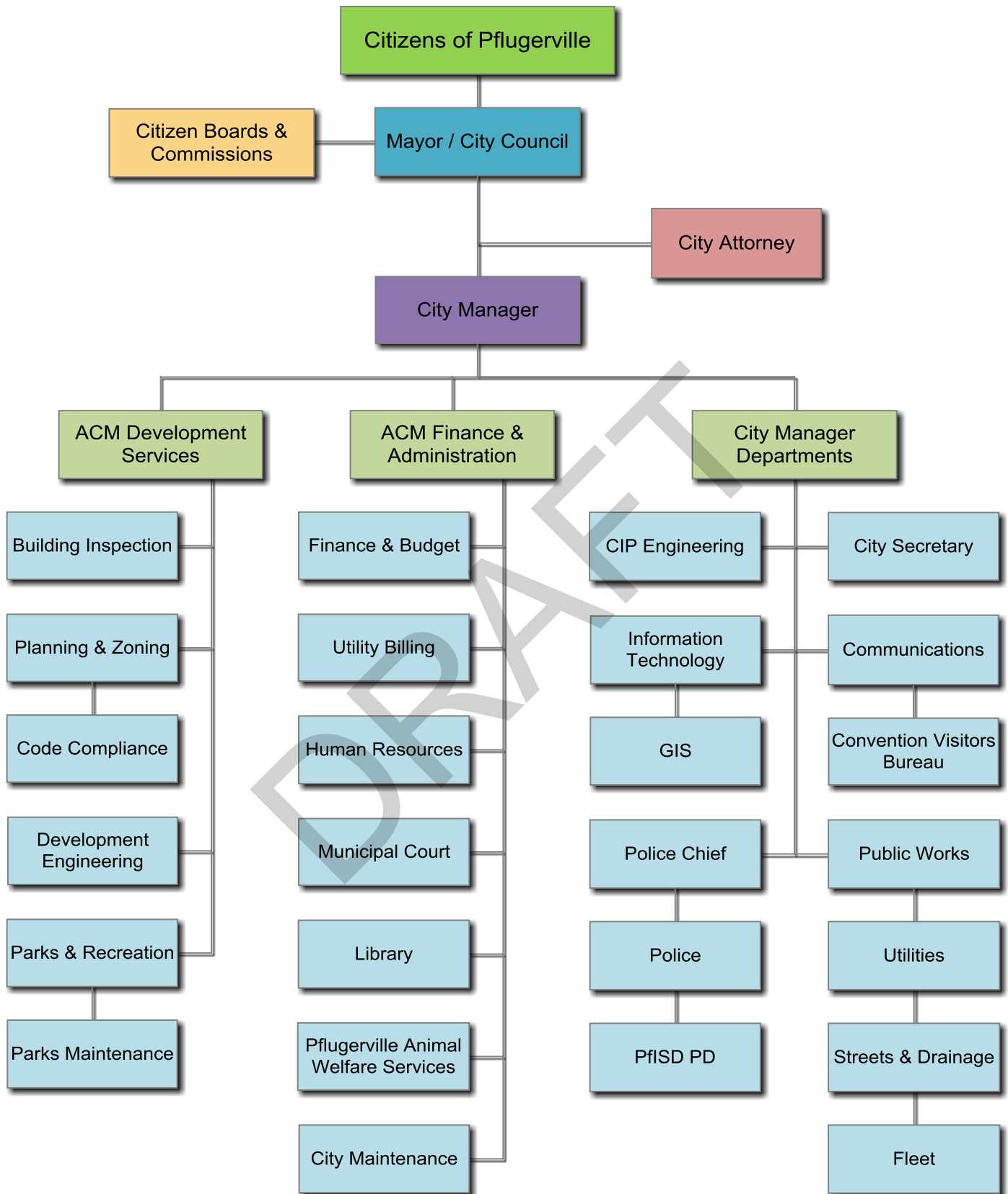
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2017

Christopher P. Morill

Executive Director/CEO

City of Pflugerville
 Organizational Chart
 as of September 30, 2018



City of Pflugerville, Texas
List of Elected and Appointed Officials
as of September 30, 2018

Elected Officials

**City Council
Three-Year Terms**

<u>Name</u>	<u>Term Expires</u>
Victor Gonzales, Mayor	November 2019
Omar Peña, Mayor Pro Tem, Place 3	November 2018
Doug Weiss, Place 1	November 2019
Jeff Marsh, Place 2	November 2020
Rudy Metayer, Place 4	November 2020
Mike Heath, Place 5	November 2018
Jim McDonald, Place 6	November 2020

City Staff

<u>Position</u>	<u>Name</u>
City Manager	Sereniah Breland
Assistant City Manager	Trey Fletcher
Assistant City Manager	Lauri Gillam
Police Chief	Jessica Robledo
City Secretary	Karen Thompson
Public Information Officer	Terri Toledo



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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

OFFICE LOCATIONS

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City as of September 30, 2018, 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.

Change in Accounting Principle

As discussed in the notes to the financial statements, in fiscal year 2018 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplementary information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, statistical section and combining schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 14, 2019, on our consideration of the City of Pflugerville, Texas' 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 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 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 of Pflugerville, Texas' internal control over financial reporting and compliance.

Pattillo, Brown & Hill, L.L.P.

Waco, Texas
March 14, 2019

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City of Pflugerville, Texas Management's Discussion and Analysis

As management of the City of Pflugerville, Texas, we offer readers of the City of Pflugerville's financial statements this narrative overview and analysis of the financial activities of the City of Pflugerville for the fiscal year ended September 30, 2018. 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 3 - 6 of this report.

Financial Highlights

- ❖ The assets of the City of Pflugerville exceeded its liabilities as of September 30, 2018, by \$258,248,883 (net position). Of this amount, \$26,944,162 (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 of Pflugerville's governmental funds reported combined ending fund balances of \$45,315,710 a decrease of \$1,593,754 in comparison with the prior year. The major factor in the decrease of fund balance is the increase in expenditures for various one time projects.
- ❖ At the end of the 2017-2018 fiscal year, unassigned fund balance for the general fund was \$14,521,566 or 43.9% of general fund operating expenditures. The City of Pflugerville Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2018 that amount was \$8.27 million.
- ❖ The City of Pflugerville's total bonded debt increased by \$26,520,000 (12%) during the current fiscal year. The largest portion of this increase was the issuance of various certificates of obligation, general obligation and refunding debt totaling \$50,495,000.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Pflugerville's basic financial statements. The City of Pflugerville'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 of the City of Pflugerville's assets and deferred outflows less liabilities and deferred inflows 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 of Pflugerville 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.

Government-wide Financial Statements (continued)

The *statement of activities* presents information showing how the government'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 of the government-wide financial statements distinguish functions of the City of Pflugerville 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 of Pflugerville include general government, public safety, public works and streets, and culture and recreation. The business-type activities of the City of Pflugerville 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 29-31 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 of Pflugerville, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City of Pflugerville 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 now 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 of Pflugerville 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 of Pflugerville 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 reserve funds are a subset of the general fund that is not subject to the annual budget process, with spending authorized separately by the City Council. Pages 81-82 include combining schedules for these funds.

The basic governmental fund financial statements can be found on pages 32-36 of this report.

Fund Financial Statements (continued)

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 of Pflugerville has only one proprietary 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 37-40 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 43-71.

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 75-78.

Financial Analysis of the City as a Whole

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 62,132,641	\$ 71,843,874	\$ 53,243,123	\$ 35,998,065	\$ 115,375,764	\$ 107,841,939
Capital assets	246,661,730	227,494,340	183,841,212	174,993,796	430,502,942	402,488,136
Total assets	308,794,371	299,338,214	237,084,335	210,991,861	545,878,706	510,330,075
Deferred outflow s	6,797,064	7,771,729	4,171,721	4,148,053	10,968,785	11,919,782
Long-term liabilities	172,862,952	158,218,518	103,845,747	88,578,546	276,708,699	246,797,064
Other liabilities	16,880,129	15,369,614	3,504,625	4,428,033	20,384,754	19,797,647
Total liabilities	189,743,081	173,588,132	107,350,372	93,006,579	297,093,453	266,594,711
Deferred inflow s	1,309,485	28,798	195,670	2,162	1,505,155	30,960
Net position:						
Net investment in capital assets	112,264,754	108,983,734	102,634,100	93,657,220	214,898,854	202,640,954
Restricted	3,798,009	3,850,809	12,607,858	11,417,744	16,405,867	15,268,553
Unrestricted	8,476,106	20,658,470	18,468,056	17,056,209	26,944,162	37,714,679
Total net position	\$ 124,538,869	\$ 133,493,013	\$ 133,710,014	\$ 122,131,173	\$ 258,248,883	\$ 255,624,186

Statement of Net Position: (continued)

City of Pflugerville - Net Position

- ❖ A portion of the City's net position, \$16,405,867 (6.4%), represents resources that are subject to external restriction on how they may be used. The unrestricted net position, \$26,944,162, may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ Current assets decreased and long-term liabilities increased in the governmental activities. The decrease in current assets is primarily due to removal of the recognition of a long-term receivable from the City's component unit. This also reflects the overall decrease in net position in the governmental activities. The increase in long-term liabilities is primarily due to the issuance of debt for various streets and parks projects, as well as for debt service savings through refunding bonds.
- ❖ Current assets and long-term liabilities increased in the business-type activities reflecting the issuance of debt for infrastructure improvements. Net position in the business-type activities increased due to the growth in utility service revenues and capital contributions received from developers.
- ❖ At the end of the current fiscal year, the City of Pflugerville is able to report positive balances in all categories of net position, both for the government 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, 2018.

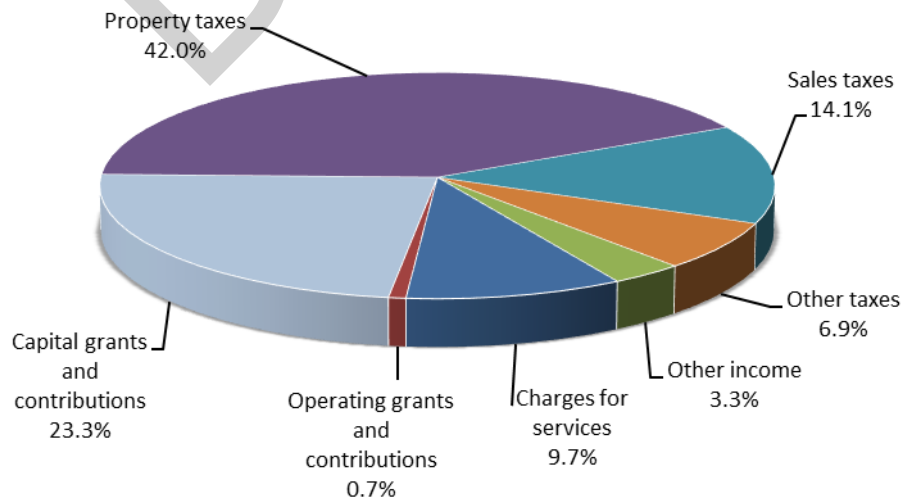
City of Pflugerville - Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 6,185,605	\$ 6,347,000	\$ 29,837,309	\$ 26,442,468	\$ 36,022,914	\$ 32,789,468
Operating grants and contributions	491,640	493,388	-	-	491,640	493,388
Capital grants and contributions	14,804,234	9,466,323	10,328,187	7,405,246	25,132,421	16,871,569
General revenues:						
Property taxes	26,731,522	23,695,020	-	-	26,731,522	23,695,020
Other taxes	13,355,933	12,277,331	-	-	13,355,933	12,277,331
Other	2,082,459	880,292	937,582	388,418	3,020,041	1,268,710
Total revenues	63,651,393	53,159,354	41,103,078	34,236,132	104,754,471	87,395,486
Expenses:						
General government	11,345,920	10,444,202	-	-	11,345,920	10,444,202
Public safety	17,797,052	17,271,272	-	-	17,797,052	17,271,272
Public works and streets	22,057,605	18,470,555	-	-	22,057,605	18,470,555
Culture and recreation	5,742,416	5,311,986	-	-	5,742,416	5,311,986
Interest on long-term debt	6,047,834	5,379,174	-	-	6,047,834	5,379,174
Water and wastewater	-	-	23,765,447	21,981,101	23,765,447	21,981,101
Solid waste	-	-	4,860,897	4,635,632	4,860,897	4,635,632
Total Expenses	62,990,827	56,877,189	28,626,344	26,616,733	91,617,171	83,493,922
Change in net position before transfers	660,566	(3,717,835)	12,476,734	7,619,399	13,137,300	3,901,564
Transfers	797,509	844,249	(797,509)	(844,249)	-	-
Change in net position	1,458,075	(2,873,586)	11,679,225	6,775,150	13,137,300	3,901,564
Net position - October 1, 2017	133,493,013	125,301,599	122,131,173	115,356,023	255,624,186	240,657,622
Prior period adjustment	(10,412,219)	11,065,000	(100,384)	-	(10,512,603)	11,065,000
Net position - September 30, 2018	\$ 124,538,869	\$ 133,493,013	\$ 133,710,014	\$ 122,131,173	\$ 258,248,883	\$ 255,624,186

Revenues

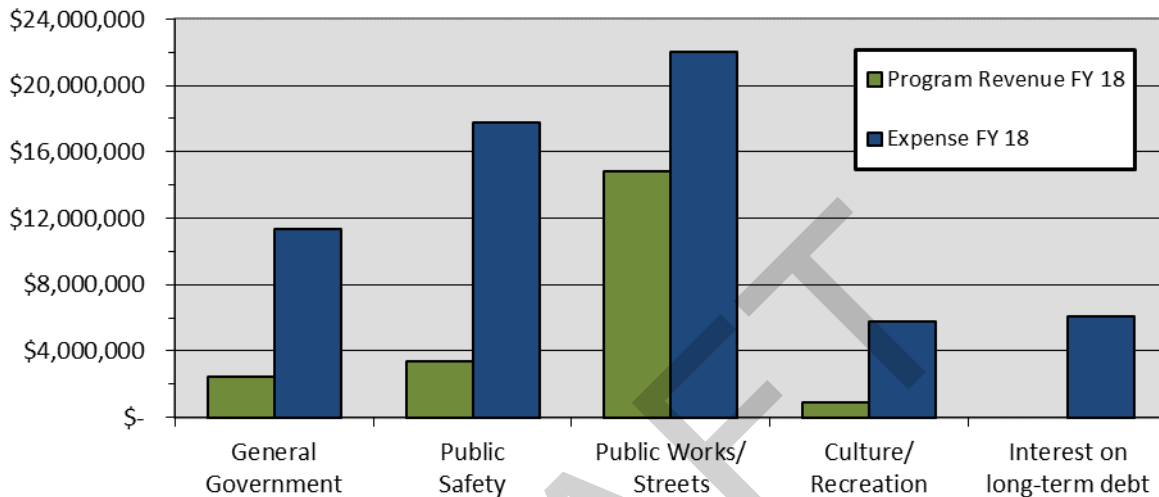
- ❖ Property tax revenue including penalties and interest increased 12.8% (\$3,036,502) during this fiscal year. This is due to an increase in appraised value on new and existing property in the City.
- ❖ Property tax revenue accounts for 42% of total revenues for governmental activities.
- ❖ Assessed valuations increased for the fiscal year by over \$536 million.
- ❖ The ad valorem tax rate for fiscal 2018 was \$0.5399 per \$100 of assessed valuation. This reflects the same rate as the prior year.
- ❖ Sales tax revenue was \$8.9 million for fiscal year 2018, an increase of 8% over the prior year. Sales tax revenue constitutes 14.1% of the total revenue for governmental activities.
- ❖ Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled nearly \$4.37 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 below.
 - **Governmental activities program revenue** was \$21.5 million. Capital grants and contributions such as infrastructure from developers are the largest components of this revenue category. A portion, \$6.2 million, of revenue this fiscal year was charges for services such as receipts primarily from development and building inspection fees, parks and pool fees, and court fines.
 - **Business-type activities program revenue** totaled \$40.2 million. The majority of these revenues are reported in the category Charges for Services, which represents receipts from utility customers for water, wastewater and solid waste services. Capital contributions which include infrastructure contributed by developers and impact fees accounted for \$10.3 million of revenue during fiscal year 2018.

Revenues by Source – Governmental Activities



Expenses and Program Revenues

Governmental activities. The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled \$15,973,044. Removing depreciation expense, the operating expenditures for governmental activities increased by 12.3% in fiscal year 2018. Program revenues increased 32% over the prior year. The primary reason for this increase was for contributions from developers and Travis County for capital improvements currently under construction in the City.



Business-type activities. Business-type activities increased the City of Pflugerville's net position by \$11.7 million. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers. Charges for services for business-type activities increased 12.8% during fiscal year 2018 for increased due to water usage, a wastewater rate increase and related service revenues.

Financial Analysis of the City's Funds

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

Governmental funds. The focus of the City of Pflugerville'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 of Pflugerville'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 of Pflugerville's governmental funds reported a combined ending fund balance of \$45,315,710, a decrease of \$1.6 million in comparison with the fiscal year beginning fund balance. This decrease is a result of spending down fund balance for one-time projects. Approximately 32% of this total amount (\$14.5 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for a specific purpose. Funds

Financial Analysis of the City's Funds (continued)

have been restricted, by law or outside sources, to pay for capital projects (\$23,756,969); debt service (\$3,154,095); and specific programs in the special revenue fund (\$1,482,384). In addition, funds have been committed, by the City Council, to pay for specific programs in the general fund (\$18,096) and the special revenue fund (\$83,265). Funds have been assigned, by management, for the subsequent year's budget (\$2,294,057) and special revenue programs (\$5,278).

The general fund is the chief operating fund of the City of Pflugerville. At the end of the current fiscal year, unassigned fund balance in the general fund was \$14,521,566. 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 41% of total general fund expenditures. The City Council has approved a reserve to fund one-time purchases and projects. These funds are committed to that purpose and therefore do not appear as unassigned funds. The Combining Schedules for the general and reserve funds provide additional details and can be found on pages 81-82.

The fund balance of the City of Pflugerville's general fund decreased by \$1,393,540 during fiscal year 2018. General fund property tax revenue increased 12% from fiscal 2017. This increase is due to an increase in average residential value within the City and growth from new construction. Sales tax revenue increased 8% during fiscal 2018 to nearly \$9 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 police services provided to the Pflugerville Independent School District; fees for Public, Educational, and Governmental (PEG) access channels; hotel occupancy tax received; property tax received from a Tax Increment Reinvestment Zone (TIRZ), and reimbursements for the Community Development Block Grant (CDBG). The largest portion of both the revenues and expenditures from this fund are related to providing police services to the local school district. However, 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 and capital projects for TIRZ contractual obligations are also included. The decrease in fund balance is due to a transfer from TIRZ to the Capital Project Fund for a contractual project reimbursement of infrastructure previously built in the TIRZ.

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, 2018, this fund had a total balance of \$3,154,095. The increase in this fund balance was due to additional interest and property tax revenue in excess of debt obligations.

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 funds. Expenditures for construction projects include Weiss Lane widening, East Pflugerville Parkway improvements, and park development including the first phase of the sports complex, 1849 Park. The static fund balance is due to the cost of issuing various debt for capital projects which offset the spending on projects.

Proprietary funds. The City of Pflugerville'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 \$18,468,056. The total growth in net position was \$11,679,225. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers and increased revenues in water and wastewater sales.

General Fund Budgetary Highlights

The following is a brief review of the budgetary changes from the original to the final budget.

The City approved four sets of general fund budget amendments during the fiscal year 2018. These amendments increased the overall budgeted expenditures by \$1,383,464 from the original budget, an increase of 4%. This increase was offset by various revenues received in excess of the original budget, including: a transfer from fund balance, grants, development revenues, donations, and interest income.

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, 2018, amounts to \$430,502,942, 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.

- ❖ Construction began on the East Pflugerville Parkway improvements and continued on the Weiss Lane improvements project.
- ❖ Stone Hill Park was completed and construction on phase one of the City's sports complex, 1849 Park, is near completion.
- ❖ Construction was completed on two wastewater interceptors, Carmel and Sorento.
- ❖ The Heatherwilde Elevated Storage Tank construction is near completion.
- ❖ Construction began on interim improvements for the wastewater treatment plant capacity expansion.
- ❖ Designs for a variety of road improvements and water and wastewater system improvements are underway.

City of Pflugerville's Capital Assets

(net of depreciation)

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
Land	\$ 13,181,004	\$ 13,181,004	\$ 8,347,162	\$ 7,377,716	\$ 21,528,166	\$ 20,558,720
Service Rights	-	-	250,000	250,000	250,000	250,000
Buildings and improvements	29,662,425	28,615,327	9,435,514	8,407,260	39,097,939	37,022,587
Machinery and equipment	5,635,531	5,248,994	1,413,312	997,606	7,048,843	6,246,600
Software	1,036,913	-	-	-	1,036,913	-
Infrastructure	164,652,590	161,675,460	152,838,251	143,788,870	317,490,841	305,464,330
Construction in progress	32,493,267	18,773,555	11,556,973	14,172,344	44,050,240	32,945,899
Total	\$ 246,661,730	\$ 227,494,340	\$ 183,841,212	\$ 174,993,796	\$ 430,502,942	\$ 402,488,136

The City's financial policies mandate maintenance and repair of the City's capital assets and infrastructure. The City budgets for on-going 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 of Pflugerville's capital assets can be found in Note 6 to the financial statements.

Capital Asset and Debt Administration (continued)

Long-term Debt. At September 30, 2018, the City had total bonded debt outstanding of \$243,015,000 secured by the full faith and credit of the government. Of this amount, \$56,435,851 represents General Obligation bonds approved by a vote of the citizens. The remainder represents Certificates of Obligation and limited refunding bonds that support both governmental and business-type (utility) activities.

City of Pflugerville's Outstanding Debt at Year-End

	Governmental activities		Business-type activities		Total	
	2018	2017	2018	2017	2018	2017
General obligation bonds	\$ 56,435,851	\$ 44,539,200	\$ -	\$ -	\$ 56,435,851	\$ 44,539,200
Limited tax refunding bonds	55,878,642	45,561,575	60,705,507	57,924,225	116,584,149	103,485,800
Certificates of obligation	37,741,000	46,603,630	32,254,000	21,866,370	69,995,000	68,470,000
Total	\$ 150,055,493	\$ 136,704,405	\$ 92,959,507	\$ 79,790,595	\$ 243,015,000	\$ 216,495,000

The City of Pflugerville's total debt outstanding increased by \$26,520,000 (12%) during the current fiscal year. The largest portion of this increase was the issuance of various certificates of obligation, general obligation and refunding debt totaling \$50,495,000.

The State of Texas limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City of Pflugerville's 2018 debt levy equaled \$0.2054 per \$100 assessed valuation, or 13.7% of the maximum allowed.

Additional information about the City's long-term debt is presented in Note 6 to the financial statements.

Economic Factors and Next Year's Budget and Rates

The population of the City of Pflugerville continued a recent pattern of significant growth. Construction of a variety of housing projects are ongoing throughout the City. Commercial and retail centers continue to construct additional phases for future businesses including Springbrook Corporate Center, Gattis Crossing, and Picadilly Business Park. In the past year, two significant retail projects have completed construction. Living Spaces, a furniture retail store, distribution center and fulfillment center, and Costco, the City's first wholesale store, increase commercial options and sales tax growth. Construction is near completion on Baylor Scott and White Health, the City's first hospital. The three-story, nearly 100,000 square foot building will feature multidisciplinary care and a multispecialty medical clinic. The facility is expected to open late 2018.

The Pflugerville Community Development Corporation (PCDC) continues to make concerted marketing efforts to attract more commercial development and employers to the city, especially in the areas fronting SH 130 and SH 45. Construction began on a 27 acre industrial campus at the corner of Heatherwilde and SH 45. In September, a 3D manufacturing company announced plans to relocate its headquarters to Pflugerville and is anticipated to bring approximately 170 jobs.

The City has increased its water and wastewater capacities to serve the areas in the State Highway 130 growth corridor. FY 2019 will continue to focus on water and wastewater capacities with ongoing projects in design or construction. Several roadway construction projects are underway and anticipated to be completed in FY 2019 including Weiss Lane and East Pflugerville Parkway improvements. The fiscal year adopted 2019 budget includes a \$2.3 million transfer from fund balance for one-time and capital projects. The budgeting process focused on lean government operations.

Contacting the City's Financial Management

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

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

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

DRAFT

BASIC FINANCIAL STATEMENTS

DRAFT



CITY OF PFLUGERVILLE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2018

	Primary Government			Component Unit
	Governmental	Business-type	Total	Pflugerville Community Development Corporation
	Activities	Activities		Corporation
ASSETS				
Cash and investments	\$ 27,640,742	\$ 18,835,558	\$ 46,476,300	\$ 4,306,985
Restricted assets:				
Restricted cash and investments	30,875,712	30,676,529	61,552,241	-
Receivables (net of allowance)	3,421,665	3,886,536	7,308,201	1,270,227
Deposits	-	-	-	1,814,125
Investment in direct financing lease	-	-	-	22,875,500
Interfund balances	155,500	(155,500)	-	-
Due from component unit	39,022	-	39,022	-
Capital assets, not being depreciated:				
Land	13,181,004	8,347,162	21,528,166	3,722,742
Service rights	-	250,000	250,000	-
Construction in progress	32,493,267	11,556,973	44,050,240	-
Capital assets, net of depreciation:				
Buildings and improvements	29,662,425	9,435,514	39,097,939	268,880
Machinery and equipment	5,635,531	1,413,312	7,048,843	96,645
Software	1,036,913	-	1,036,913	-
Infrastructure and system	164,652,590	152,838,251	317,490,841	-
Total assets	<u>308,794,371</u>	<u>237,084,335</u>	<u>545,878,706</u>	<u>34,355,104</u>
DEFERRED OUTFLOWS OF RESOURCES				
Related to pensions	2,123,579	317,316	2,440,895	-
Related to OPEB - retiree health plan	126,080	18,840	144,920	-
Related to OPEB - TMRS supplemental death benefit	42,948	6,418	49,366	-
Deferred charge on refunding	4,504,457	3,829,147	8,333,604	-
Total deferred outflows of resources	<u>6,797,064</u>	<u>4,171,721</u>	<u>10,968,785</u>	<u>-</u>
LIABILITIES				
Accounts payable	4,302,474	2,295,418	6,597,892	16,116
Due to primary government	-	-	-	39,022
Wages payable	425,728	63,225	488,953	-
Customer deposits and escrow payable	11,149,010	445,979	11,594,989	-
Accrued interest payable	1,002,917	700,003	1,702,920	510,890
Noncurrent liabilities:				
Due within one year:				
Long-term debt	5,267,222	3,152,972	8,420,194	535,000
Due in more than one year:				
Long-term debt	158,158,034	99,282,544	257,440,578	23,255,000
Net pension liability	7,685,838	1,148,459	8,834,297	-
Total OPEB liability - retiree health plan	1,228,485	183,567	1,412,052	-
Total OPEB liability - supplemental death benefit	523,373	78,205	601,578	-
Total liabilities	<u>189,743,081</u>	<u>107,350,372</u>	<u>297,093,453</u>	<u>24,356,028</u>
DEFERRED INFLOWS OF RESOURCES				
Related to pensions	1,309,485	195,670	1,505,155	-
Total deferred inflows of resources	<u>1,309,485</u>	<u>195,670</u>	<u>1,505,155</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	112,264,754	102,634,100	214,898,854	4,088,267
Restricted for capital projects	-	12,607,858	12,607,858	-
Restricted for specific programs	1,482,384	-	1,482,384	-
Restricted for debt service	2,315,625	-	2,315,625	-
Restricted for economic development	-	-	-	5,910,809
Unrestricted	8,476,106	18,468,056	26,944,162	-
Total net position	<u>\$ 124,538,869</u>	<u>\$ 133,710,014</u>	<u>\$ 258,248,883</u>	<u>\$ 9,999,076</u>

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

CITY OF PFLUGERVILLE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2018

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental activities:				
General government	\$ 11,345,920	\$ 2,189,896	\$ 237,960	\$ -
Public safety	17,797,052	3,247,846	141,030	-
Public works and streets	22,057,605	-	-	14,804,234
Culture and recreation	5,742,416	747,863	112,650	-
Interest and fiscal charges	6,047,834	-	-	-
Total governmental activities	62,990,827	6,185,605	491,640	14,804,234
Business-type activities:				
Water and wastewater	23,765,447	24,952,948	-	10,328,187
Solid waste	4,860,897	4,884,361	-	-
Total business-type activities	28,626,344	29,837,309	-	10,328,187
Total primary government	\$ 91,617,171	\$ 36,022,914	\$ 491,640	\$ 25,132,421
Component unit				
Pflugerville Community				
Development Corporation	\$ 2,867,865	\$ -	\$ -	\$ -

General revenues:

Taxes:

Property

Sales

Franchise

Mixed beverage

Hotel

Unrestricted investment income

Miscellaneous

Gain on sale of capital assets

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Prior period adjustment

Net position - beginning, restated

Net position - ending

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

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
\$(8,918,064)	\$ -	\$(8,918,064)	
(14,408,176)	-	(14,408,176)	
(7,253,371)	-	(7,253,371)	
(4,881,903)	-	(4,881,903)	
(6,047,834)	-	(6,047,834)	
<u>(41,509,348)</u>	<u>-</u>	<u>(41,509,348)</u>	
-	11,515,688	11,515,688	
-	23,464	23,464	
<u>-</u>	<u>11,539,152</u>	<u>11,539,152</u>	
<u>(41,509,348)</u>	<u>11,539,152</u>	<u>(29,970,196)</u>	
			<u>\$(2,867,865)</u>
26,731,522	-	26,731,522	-
8,988,394	-	8,988,394	4,475,335
3,928,610	-	3,928,610	-
99,163	-	99,163	-
339,766	-	339,766	-
1,129,821	878,297	2,008,118	31,590
952,638	52,231	1,004,869	52,629
-	7,054	-	-
797,509	(797,509)	-	-
<u>42,967,423</u>	<u>140,073</u>	<u>43,107,496</u>	<u>4,559,554</u>
1,458,075	11,679,225	13,137,300	1,691,689
133,493,013	122,131,173	255,624,186	(1,257,047)
<u>(10,412,219)</u>	<u>(100,384)</u>	<u>(10,512,603)</u>	<u>9,564,434</u>
<u>123,080,794</u>	<u>122,030,789</u>	<u>245,111,583</u>	<u>8,307,387</u>
<u>\$ 124,538,869</u>	<u>\$ 133,710,014</u>	<u>\$ 258,248,883</u>	<u>\$ 9,999,076</u>

CITY OF PFLUGERVILLE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2018

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
ASSETS					
Cash and investments	\$ 16,677,241	\$ 1,641,847	\$ -	\$ 9,321,654	\$ 27,640,742
Taxes receivable	2,191,799	23,665	164,447	-	2,379,911
Other receivables	749,726	292,028	-	-	1,041,754
Due from other funds	165,480	3,410	5,402	-	174,292
Due from component unit	39,022	-	-	-	39,022
Restricted investments	-	-	3,148,693	27,727,019	30,875,712
Total assets	<u>19,823,268</u>	<u>1,960,950</u>	<u>3,318,542</u>	<u>37,048,673</u>	<u>62,151,433</u>
LIABILITIES					
Accounts payable	1,817,040	352,720	-	2,132,714	4,302,474
Wages payable	388,425	37,303	-	-	425,728
Due to other funds	8,812	-	-	9,980	18,792
Escrow payable	-	-	-	11,149,010	11,149,010
Total liabilities	<u>2,214,277</u>	<u>390,023</u>	<u>-</u>	<u>13,291,704</u>	<u>15,896,004</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes and fines	<u>775,272</u>	<u>-</u>	<u>164,447</u>	<u>-</u>	<u>939,719</u>
Total deferred inflows of resources	<u>775,272</u>	<u>-</u>	<u>164,447</u>	<u>-</u>	<u>939,719</u>
FUND BALANCES					
Restricted for:					
Debt service	-	-	3,154,095	-	3,154,095
Capital projects	-	-	-	23,756,969	23,756,969
Specific programs	-	1,482,384	-	-	1,482,384
Committed for:					
Specific programs	18,096	83,265	-	-	101,361
Assigned for:					
Specific programs	-	5,278	-	-	5,278
Subsequent year's budget:					
appropriation of fund balance	2,294,057	-	-	-	2,294,057
Unassigned	<u>14,521,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,521,566</u>
Total fund balance	<u>16,833,719</u>	<u>1,570,927</u>	<u>3,154,095</u>	<u>23,756,969</u>	<u>45,315,710</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 19,823,268</u>	<u>\$ 1,960,950</u>	<u>\$ 3,318,542</u>	<u>\$ 37,048,673</u>	<u>\$ 62,151,433</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, 2018

Fund balances of governmental funds	\$ 45,315,710
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.	246,661,730
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(150,055,493)
The total OPEB liability and related deferred inflows and outflows are not included in the fund financial statements.	(1,582,830)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(766,854)
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.	(1,002,917)
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.	(12,602,909)
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.	4,504,457
Included in long-term liabilities is the recognition of the City's net pension liability in the amount of \$7,685,838, a related deferred outflow of resources of \$2,123,579 and a related deferred inflow of resources of \$1,309,485. This results in a decrease in net position.	(6,871,744)
Receivables from property taxes (\$480,012) and fines (\$459,707) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	<u>939,719</u>
Net position of governmental activities	\$ <u><u>124,538,869</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 BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
REVENUES					
Taxes:					
Property	\$ 15,726,989	\$ 1,134,204	\$ 9,753,198	\$ -	\$ 26,614,391
Sales	8,988,394	-	-	-	8,988,394
Franchise	3,833,042	95,568	-	-	3,928,610
Mixed beverage	99,163	-	-	-	99,163
Hotel	-	339,766	-	-	339,766
Licenses and permits	2,203,341	62,459	-	-	2,265,800
Intergovernmental	808,261	2,826,017	768,121	2,600,072	7,002,471
Fines and forfeitures	620,075	50,516	-	-	670,591
Investment income	387,992	26,921	148,876	566,032	1,129,821
Charges for services	547,958	-	-	-	547,958
Deutschen Pfest income	-	109,073	-	-	109,073
Other income	901,263	10,529	-	-	911,792
Total revenues	<u>34,116,478</u>	<u>4,655,053</u>	<u>10,670,195</u>	<u>3,166,104</u>	<u>52,607,830</u>
EXPENDITURES					
Current:					
General government	7,971,572	552,017	-	-	8,523,589
Public safety	14,283,037	2,313,196	-	-	16,596,233
Public works and streets	6,540,510	-	-	-	6,540,510
Culture and recreation	4,291,255	115,399	-	-	4,406,654
Debt service:					
Agent fees/issuance costs	-	-	139,954	241,564	381,518
Interest	-	-	5,786,060	-	5,786,060
Principal retirement	-	-	5,282,932	-	5,282,932
Capital outlay	2,317,815	555,175	-	25,969,153	28,842,143
Total expenditures	<u>35,404,189</u>	<u>3,535,787</u>	<u>11,208,946</u>	<u>26,210,717</u>	<u>76,359,639</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(1,287,711)</u>	<u>1,119,266</u>	<u>(538,751)</u>	<u>(23,044,613)</u>	<u>(23,751,809)</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(1,286,739)	(1,327,072)	-	(233,407)	(2,847,218)
Transfers in	1,106,789	-	592,359	1,945,579	3,644,727
Sale of capital assets	55,968	-	-	-	55,968
Premium on issuance of bonds	-	-	1,354,609	1,814,982	3,169,591
Issuance of bonds	-	-	8,785,000	19,415,000	28,200,000
Payment to refunding escrow agent	-	-	(10,083,166)	-	(10,083,166)
Insurance recoveries	18,153	-	-	-	18,153
Total other financing sources and uses	<u>(105,829)</u>	<u>(1,327,072)</u>	<u>648,802</u>	<u>22,942,154</u>	<u>22,158,055</u>
NET CHANGE IN FUND BALANCES	<u>(1,393,540)</u>	<u>(207,806)</u>	<u>110,051</u>	<u>(102,459)</u>	<u>(1,593,754)</u>
FUND BALANCES, BEGINNING	<u>18,227,259</u>	<u>1,778,733</u>	<u>3,044,044</u>	<u>23,859,428</u>	<u>46,909,464</u>
FUND BALANCES, ENDING	<u>\$ 16,833,719</u>	<u>\$ 1,570,927</u>	<u>\$ 3,154,095</u>	<u>\$ 23,756,969</u>	<u>\$ 45,315,710</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, 2018

Net change in fund balances - total governmental funds \$(1,593,754)

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. 24,186,832

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 removing the loss on capital asset disposals is to decrease net position. (53,683)

The City received street infrastructure contributed by developers. These contributions increase net position. 11,007,285

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. (15,973,044)

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. 5,282,932

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. (28,200,000)

Increases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position. (104,877)

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 increase in interest accrual decreases net position. (99,838)

Certain OPEB expenditures are not expensed 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. (94,445)

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. (2,733,426)

Deferred amount on bond refunding is capitalized in the government-wide financial statements and amortized over the life of the debt. Amortization of deferred amount on bond refunding of \$216,583 was recorded. The net effect is to decrease net position. (216,583)

Payment to refunding escrow agent is recorded as an other financing use when paid in the fund financial statements but is shown as a reduction in long-term debt in the government wide financial statements. 10,083,166

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. These cause the change in net position to decrease in the amount of \$68,768. The net effect is a decrease in net position. (68,768)

Revenues from property taxes and fines 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. 36,278

Change in net position - statement of activities \$ 1,458,075

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, 2018

	<u>Budgeted Amounts</u>		<u>Actual</u>	Variance with Final Budget
	<u>Original</u>	<u>Final</u>		<u>Positive (Negative)</u>
REVENUES				
Taxes:				
Property	\$ 15,761,190	\$ 15,761,190	\$ 15,726,989	\$(34,201)
Sales	8,621,900	8,621,900	8,988,394	366,494
Franchise	3,200,000	3,200,000	3,833,042	633,042
Mixed beverage	80,000	80,000	99,163	19,163
Licenses and permits	1,868,342	2,146,342	2,203,341	56,999
Intergovernmental/grants	609,289	784,884	808,261	23,377
Fines and forfeitures	986,800	986,800	620,075	(366,725)
Interest income	150,000	360,210	387,992	27,782
Charges for services	571,000	571,000	547,958	(23,042)
Other income	117,000	301,659	901,263	599,604
Total revenues	<u>31,965,521</u>	<u>32,813,985</u>	<u>34,116,478</u>	<u>1,302,493</u>
EXPENDITURES				
Current:				
General government	9,412,481	8,861,165	7,971,572	889,593
Public safety	13,894,507	14,604,136	14,196,627	407,509
Public works and streets	5,939,484	6,272,275	6,540,510	(268,235)
Culture and recreation	4,495,981	4,622,720	4,291,255	331,465
Capital outlay	924,258	1,689,879	1,422,661	267,218
Total expenditures	<u>34,666,711</u>	<u>36,050,175</u>	<u>34,422,625</u>	<u>1,627,550</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,701,190)</u>	<u>(3,236,190)</u>	<u>(306,147)</u>	<u>2,930,043</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	1,146,606	1,146,606	1,106,789	(39,817)
Fund balance transfer	1,550,150	2,085,150	1,393,540	(691,610)
Sale of capital assets	15,000	15,000	55,968	40,968
Insurance recoveries	-	-	18,153	18,153
Total other financing sources and uses	<u>2,711,756</u>	<u>3,246,756</u>	<u>2,574,450</u>	<u>(672,306)</u>
NET CHANGE IN FUND BALANCE (BUDGETED SUBFUNDS ONLY, BUDGETARY BASIS)	<u>\$ 10,566</u>	<u>\$ 10,566</u>	2,268,303	<u>\$ 2,257,737</u>
Add effect of nonbudgeted subfunds			(2,268,303)	
Remove fund balance transfer			(1,393,540)	
NET CHANGE IN FUND BALANCE (GAAP BASIS)			(1,393,540)	
FUND BALANCE, BEGINNING			<u>18,227,259</u>	
FUND BALANCE, ENDING			<u>\$ 16,833,719</u>	

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2018

	Enterprise Fund Utility
ASSETS	
Current assets:	
Cash and investments	\$ 18,835,558
Restricted cash and investments	492,615
Accounts receivable, net	<u>3,886,536</u>
Total current assets	<u>23,214,709</u>
Non-current assets:	
Restricted cash and investments:	
Bond accounts	17,576,056
Impact fees	12,607,858
Capital assets:	
Land	8,347,162
Service rights	250,000
Buildings and improvements	15,453,318
Equipment	5,114,749
Infrastructure and system	208,775,251
Construction in progress	11,556,973
Less accumulated depreciation	<u>(65,656,241)</u>
Total capital assets, net of accumulated depreciation	<u>183,841,212</u>
Total non-current assets	<u>214,025,126</u>
Total assets	<u>237,239,835</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,829,147
Related to pensions	317,316
Related to OPEB - retiree health plan	18,840
Related to OPEB - TMRS supplemental death benefit	<u>6,418</u>
Total deferred outflows of resources	<u>4,171,721</u>
LIABILITIES	
Current liabilities:	
Accounts payable	2,295,418
Wages payable	63,225
Due to other funds	155,500
Customer deposits	445,979
Accrued interest payable	<u>700,003</u>
Total current liabilities	<u>3,660,125</u>
Non-current liabilities:	
Due within one year:	
Long-term debt	3,152,972
Due in more than one year:	
Long-term debt	99,282,544
Net pension liability	1,148,459
Total OPEB liability - retiree health plan	183,567
Total OPEB liability - TMRS supplemental death benefit	<u>78,205</u>
Total non-current liabilities	<u>103,845,747</u>
Total liabilities	<u>107,505,872</u>
DEFERRED INFLOWS OF RESOURCES	
Related to pensions	<u>195,670</u>
Total deferred inflows of resources	<u>195,670</u>
NET POSITION	
Net investment in capital assets	102,634,100
Restricted for capital projects	12,607,858
Unrestricted	<u>18,468,056</u>
Total net position	<u>\$ 133,710,014</u>

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
	Utility
OPERATING REVENUE	
Charges for sales and services:	
Water sales	\$ 16,592,625
Wastewater sales	8,360,323
Solid waste sales	4,884,361
Other income	<u>52,231</u>
Total operating revenues	<u>29,889,540</u>
OPERATING EXPENSES	
Utility administration	4,456,528
Water operations	7,599,219
Wastewater operations	2,553,557
Solid waste operations	4,860,897
Depreciation and amortization	<u>4,988,376</u>
Total operating expenses	<u>24,458,577</u>
OPERATING INCOME	<u>5,430,963</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	878,297
Interest expense and fees	(3,883,125)
Agent fees/issuance costs	(284,642)
Gain (loss) on sale of capital assets	<u>7,054</u>
Total nonoperating revenues (expenses)	<u>(3,282,416)</u>
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	<u>2,148,547</u>
Capital contributions	10,328,187
Transfers out	<u>(797,509)</u>
CHANGE IN NET POSITION	11,679,225
PRIOR PERIOD ADJUSTMENT	(100,384)
NET POSITION, BEGINNING	<u>122,131,173</u>
NET POSITION, ENDING	<u>\$ 133,710,014</u>

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
	Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 29,351,177
Payments to or on behalf of employees	(4,363,083)
Payments to suppliers	(16,244,079)
Net cash provided by operating activities	8,744,015
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES	
Payments to other funds	(797,509)
Net cash used by noncapital financing activities	(797,509)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Proceeds from capital related debt	25,029,353
Capital contributions	5,684,434
Proceeds from sale of capital assets	7,054
Acquisition of capital assets	(9,192,039)
Principal paid on bonds	(3,457,068)
Payment to refunding bond escrow agent	(5,669,020)
Interest and fiscal charges on debt	(4,717,175)
Net cash provided by capital and related financing activities	7,685,539
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest received	878,297
Net cash provided by investing activities	878,297
NET INCREASE IN CASH AND CASH EQUIVALENTS	16,510,342
CASH AND CASH EQUIVALENTS, BEGINNING	33,001,745
CASH AND CASH EQUIVALENTS, ENDING	\$ 49,512,087
RECONCILIATION TO STATEMENT OF NET POSITION	
Current assets:	
Cash and investments	18,835,558
Restricted cash and investments	492,615
Non-current assets:	
Restricted cash and investments:	
Bond accounts	17,576,056
Impact fees	12,607,858
Total cash and investments	\$ 49,512,087

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
(Continued)
FOR THE YEAR ENDED SEPTEMBER 30, 2018

	Enterprise Fund
	Utility
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES	
Operating income	\$ 5,430,963
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	4,988,376
(Increase) decrease in assets:	
Accounts receivable	(538,363)
Increase (decrease) in liabilities:	
Account payable	(1,029,587)
Accrued liabilities	8,491
Other liabilities	(196,353)
Customer deposits	(4,466)
Compensated absences	(1,094)
Net pension liability	71,937
Total OPEB liability	14,111
Net cash provided by operating activities	\$ 8,744,015
NONCASH INVESTING AND FINANCING ACTIVITIES	
Infrastructure contributed by developers	\$ 4,643,753

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

**NOTES TO
FINANCIAL STATEMENTS**

DRAFT



CITY OF PFLUGERVILLE, TEXAS

NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2018

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 which 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, as set forth in GASB Statement No. 14, "The Financial 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 which are misleading or incomplete. GASB Statement No. 39 requires 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 is entitled to, or has 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 has the ability to 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, 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 required to be 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 Deutschen Pfest, Pflugerville Independent School District Police Department, 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

Investments in public funds investment pools are reported at amortized cost.

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, 2018, the City does not have any investments that qualify for the 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.

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

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 and fines. 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 projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension experience – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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 2018 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
Utility distribution system	20-50
Streets and public domain infrastructure	15-50
Improvements	15
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.

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, as a result 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, 2018, was \$0.5399 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. At September 30, 2018, 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.

At September 30, 2018, the various fund balance purposes were as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
Restricted:					
Debt service	\$ -	\$ -	\$ 3,154,095	\$ -	\$ 3,154,095
Capital projects	-	-	-	23,756,969	23,756,969
Seizure funds	-	193,854	-	-	193,854
Child safety fees	-	73,105	-	-	73,105
LEOSE training	-	16,694	-	-	16,694
Municipal court	-	148,191	-	-	148,191
Bike rodeo	-	1,555	-	-	1,555
Blue Santa	-	13,616	-	-	13,616
National Night Out	-	5,672	-	-	5,672
PEG	-	217,043	-	-	217,043
HOT	-	65,510	-	-	65,510
TIRZ #1	-	747,144	-	-	747,144
Committed:					
Vehicle replacement	18,096	-	-	-	18,096
Deutschen Pfest	-	83,265	-	-	83,265
Assigned:					
Subsequent year's budget:					
appropriation of fund balance	2,294,057	-	-	-	2,294,057
CERT	-	3,477	-	-	3,477
Citizens on Patrol/Citizens'					
Police Academy	-	1,801	-	-	1,801
Unassigned	<u>14,521,566</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>14,521,566</u>
Total fund balance	<u>\$ 16,833,719</u>	<u>\$ 1,570,927</u>	<u>\$ 3,154,095</u>	<u>\$ 23,756,969</u>	<u>\$ 45,315,710</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. In the event that 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 expenditures. In the event that 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 is adopted on a budgetary basis. The budgetary comparison schedule presented in this report is also on a budgetary basis. The primary adjustment to generally accepted accounting principles (GAAP) is removal of budgeted fund balance transfers. Formal budget integration is employed as a management control device during the year for the General 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.

The General Capital Reserve Fund is a subset of the General Fund, for which formal budgetary integration is not employed. Funded from prior year revenues received in excess of budget, the General Capital Reserve Fund is used to fund one-time and small capital related projects. The City Council reviews proposed projects which are individually approved or declined for funding from this separate fund.

A legally approved budget is not adopted for the Capital Projects Fund because expenditures in this fund are limited to the funds available from long-term debt issuances. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture. A legally approved budget is not adopted for the Special Revenue Funds. The Special Revenue Funds are expended at the discretion of the appropriate department manager.

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 at September 30, 2018, 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 at September 30, 2018:

	<u>Carrying/ Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
Petty cash	\$ 2,250	N/A
Deposits with financial institutions	2,482,907	N/A
Lone Star Investment Pool - corporate overnight fund	76,636,689	28
TexPool	<u>28,906,695</u>	28
Total Cash and Investments	<u>\$ 108,028,541</u>	28

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 aforementioned per unit net asset values. Independent auditors audit the Fund annually.

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at TexPool Participant Services, C/O Federated Investors Inc., 1001 Texas Avenue, Suite 1400, Houston, Texas 77002. In addition, TexPool is subject to review by the State Auditor’s Office and by the Internal Auditor of the Comptroller’s Office.

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, 2018, the City's investments in Lone Star and TexPool were both rated AAAM by Standard & Poor's.

B. Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 13,181,004	\$ -	\$ -	\$ 13,181,004
Construction in progress	18,773,555	22,365,060	8,645,348	32,493,267
Total assets not being depreciated	<u>31,954,559</u>	<u>22,365,060</u>	<u>8,645,348</u>	<u>45,674,271</u>
Capital assets, being depreciated:				
Buildings and improvements	66,154,198	4,731,448	31,922	70,853,724
Machinery and equipment	13,126,434	1,530,292	308,575	14,348,151
Software	-	1,110,978	-	1,110,978
Infrastructure	340,728,613	14,101,687	-	354,830,300
Total capital assets being depreciated	<u>420,009,245</u>	<u>21,474,405</u>	<u>340,497</u>	<u>441,143,153</u>
Less accumulated depreciation:				
Buildings and improvements	37,538,871	3,684,350	31,922	41,191,299
Machinery and equipment	7,877,440	1,090,072	254,892	8,712,620
Software	-	74,065	-	74,065
Infrastructure	179,053,153	11,124,557	-	190,177,710
Total accumulated depreciation	<u>224,469,464</u>	<u>15,973,044</u>	<u>286,814</u>	<u>240,155,694</u>
Total capital assets, being depreciated, net	<u>195,539,781</u>	<u>5,501,361</u>	<u>53,683</u>	<u>200,987,459</u>
Governmental activities capital assets, net	<u>\$ 227,494,340</u>	<u>\$ 27,866,421</u>	<u>\$ 8,699,031</u>	<u>\$ 246,661,730</u>
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 7,377,716	\$ 969,446	\$ -	\$ 8,347,162
Service rights	250,000	-	-	250,000
Construction in progress	14,172,344	7,529,673	10,145,044	11,556,973
Total assets not being depreciated	<u>21,800,060</u>	<u>8,499,119</u>	<u>10,145,044</u>	<u>20,154,135</u>
Capital assets, being depreciated:				
Buildings and improvements	13,910,287	1,543,031	-	15,453,318
Machinery and equipment	4,457,424	692,920	35,595	5,114,749
Infrastructure	195,529,485	13,245,766	-	208,775,251
Total capital assets being depreciated	<u>213,897,196</u>	<u>15,481,717</u>	<u>35,595</u>	<u>229,343,318</u>
Less accumulated depreciation:				
Buildings and improvements	5,503,027	514,777	-	6,017,804
Machinery and equipment	3,459,818	277,214	35,595	3,701,437
Infrastructure	51,740,615	4,196,385	-	55,937,000
Total accumulated depreciation	<u>60,703,460</u>	<u>4,988,376</u>	<u>35,595</u>	<u>65,656,241</u>
Total capital assets, being depreciated, net	<u>153,193,736</u>	<u>10,493,341</u>	<u>-</u>	<u>163,687,077</u>
Business-type activities capital assets, net	<u>\$ 174,993,796</u>	<u>\$ 18,992,460</u>	<u>\$ 10,145,044</u>	<u>\$ 183,841,212</u>

	Beginning Balance	Additions	Deletions	Ending Balance
Discretely presented component unit:				
Capital assets, not being depreciated:				
Land	\$ 3,722,742	\$ -	\$ -	\$ 3,722,742
Total assets not being depreciated	<u>3,722,742</u>	<u>-</u>	<u>-</u>	<u>3,722,742</u>
Capital assets, being depreciated:				
Leasehold improvements	221,521	295,250	221,521	295,250
Furniture and equipment	<u>129,325</u>	<u>16,844</u>	<u>-</u>	<u>146,169</u>
Total capital assets being depreciated	<u>350,846</u>	<u>312,094</u>	<u>221,521</u>	<u>441,419</u>
Less accumulated depreciation:				
Leasehold improvements	140,297	42,270	156,197	26,370
Furniture and equipment	<u>22,885</u>	<u>26,639</u>	<u>-</u>	<u>49,524</u>
Total accumulated depreciation	<u>163,182</u>	<u>68,909</u>	<u>156,197</u>	<u>75,894</u>
Total capital assets, being depreciated, net	<u>187,664</u>	<u>243,185</u>	<u>65,324</u>	<u>365,525</u>
Discretely presented component unit activities capital assets, net	<u>\$ 3,910,406</u>	<u>\$ 243,185</u>	<u>\$ 65,324</u>	<u>\$ 4,088,267</u>

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

Governmental activities:		
General government		\$ 291,403
Public safety		958,247
Public works		13,676,175
Culture/recreation		<u>1,047,219</u>
Total depreciation expense - governmental activities		<u>\$ 15,973,044</u>
Business-type activities		
Water and sewer		\$ 4,988,376
Total depreciation expense - business-type activities		<u>\$ 4,988,376</u>

C. Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2018, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Debt service	General	\$ 5,402	Transfer property taxes
General	Utility	155,500	Transfer for payables
General	Capital projects	9,980	Transfer for payables
Special revenue	General	3,410	Transfer for payables
Transfers In	Transfers Out	Amount	Purpose
General	Utility	\$ 797,509	Management fee and contribution to General Fund
Capital projects	General fund	1,286,739	Contribution to Capital Projects
Capital projects	Special revenue	658,840	TIRZ #1 Contribution to Capital Projects
General	Special revenue	75,873	Contribution to General Fund
Debt service	Special revenue	592,359	TIRZ #1 Contribution to Debt Service
General	Capital projects	233,407	Contribution to General Fund

D. Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2018:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 136,704,405	\$ 28,200,000	\$(14,848,912)	\$ 150,055,493	\$ 5,113,851
Premium on bond issuance	10,006,051	3,169,591	(526,129)	12,649,513	-
Discount on bonds	(136,568)	-	89,964	(46,604)	-
Compensated absences	661,977	6,318,395	(6,213,518)	766,854	153,371
Governmental activities long-term liabilities	<u>147,235,865</u>	<u>37,687,986</u>	<u>(21,498,595)</u>	<u>163,425,256</u>	<u>5,267,222</u>
Business-type activities					
Utility bonds	79,790,595	22,295,000	(9,126,088)	92,959,507	3,141,149
Premium on bond issuance	7,159,507	2,734,353	(476,968)	9,416,892	-
Discount on bonds	(43,035)	-	43,035	-	-
Compensated absences	60,211	625,035	(626,129)	59,117	11,823
Business-type activities long-term liabilities	<u>86,967,278</u>	<u>25,654,388</u>	<u>(10,186,150)</u>	<u>102,435,516</u>	<u>3,152,972</u>
Total long-term debt	<u>234,203,143</u>	<u>63,342,374</u>	<u>(31,684,745)</u>	<u>265,860,772</u>	<u>8,420,194</u>
Discretely presented component unit					
Notes payable	24,000,000	-	(210,000)	23,790,000	535,000
	<u>\$ 24,000,000</u>	<u>\$ -</u>	<u>\$(210,000)</u>	<u>\$ 23,790,000</u>	<u>\$ 535,000</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 obligation and net pension liability.

On December 1, 2017, the City issued Limited Tax Refunding Bonds, Series 2017, of which \$14,130,000 was issued for the purpose of advance refunding \$15,235,000 of the City's Series 2009A Combination Tax & Revenue Certificates of Obligation. The net proceeds were deposited in an irrevocable trust to provide for debt service on the refunded bonds until such time that they are redeemed. Bonds refunded are fully defeased at year-end and the associated liabilities have been removed from the financial statements. The City refunded these bonds to reduce its total debt service payments over the next 17 years by approximately \$2,137,451 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$1,622,437.

E. General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2018, are as follows:

Fiscal Year	Principal	Interest	Total Requirement
2019	\$ 5,113,851	\$ 6,017,500	\$ 11,131,351
2020	5,250,549	5,850,967	11,101,516
2021	5,384,081	5,650,874	11,034,955
2022	5,293,328	5,428,686	10,722,014
2023	5,497,048	5,185,429	10,682,477
2024-2028	30,646,522	21,976,033	52,622,555
2029-2033	36,880,500	14,932,310	51,812,810
2034-2038	25,559,200	7,806,737	33,365,937
2039-2043	19,154,450	3,821,827	22,976,277
2044-2047	11,275,964	747,778	12,023,742
Total	<u>\$ 150,055,493</u>	<u>\$ 77,418,141</u>	<u>\$ 227,473,634</u>

A summary of tax-supported general obligation debt outstanding at September 30, 2018, follows:

	Amount	Purpose
\$11,500,000 Series 2009 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$220,000 to \$2,655,000 through August 1, 2035; interest at 3% to 5.375%.	\$ 440,000	Streets, construction and drainage
\$3,000,000 Series 2009 Limited Tax Bonds, due in annual installments of \$60,000 to \$700,000 through August 1, 2031; interest at 3% to 5.3%.	120,000	Expansion of Library
\$2,000,000 Series 2010 Limited Tax Bonds, due in annual installments of \$40,000 to \$170,000 through August 1, 2035; interest at 2% to 4.2%.	1,720,000	Library expansion
\$4,130,000 Series 2010 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$85,000 to \$350,000 through August 1, 2035; interest at 2% to 4.2%.	3,535,000	Infrastructure improvements
\$10,099,200 Series 2010 Limited Tax Refunding Bonds, due in annual installments of \$38,400 to \$713,600 through August 1, 2032 and interest at 2% to 4%.	8,556,800	Partial refunding of prior issues 2001 and 2002
\$14,982,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$926,400 through August 1, 2034; interest at 2% to 5%.	9,522,798	Partial refunding of prior issues 1999, 2002, 2003, and 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%.	1,775,000	Library expansion
\$4,600,000 Series 2013 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2% to 4%.	4,150,000	Street projects
\$4,980,000 Series 2014 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at 2% to 4.125%.	4,025,000	Infrastructure improvements

		<u>Purpose</u>
\$14,027,795 Series 2015 Limited Tax and 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%.	\$ 13,179,895	Partial refunding of prior issues 2004, 2005; Streets and Parks projects
\$8,413,300 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at 2% to 5%.	7,981,000	Streets and one small parks projects
\$8,630,000 Series 2016A Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$445,000 through August 1, 2046 and interest at 3% to 4%.	8,220,000	Facility improvements, street projects, land acquisition and police software
\$5,940,000 Series 2016B Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$465,000 through August 1, 2041 and interest at 3% to 4%.	5,940,000	Infrastructure improvements, street projects
\$1,565,000 Taxable Series 2016C Combination Tax and 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%.	1,330,000	Street projects
\$52,845,000 Series 2016 Limited Tax and Refunding Bonds, due in annual installments of \$770,000 to \$3,590,000 through August 1, 2046 and interest at 2% to 5%.	52,090,000	Partial refunding of prior issues 2006, 2007, and 2009; Streets and parks projects
\$2,060,000 Series 2017 Combination Tax and 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%.	2,000,000	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%.	17,055,000	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%.	6,515,000	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%.	1,900,000	Partial refunding of prior issue 2009A
Total general obligation debt	<u>\$ 150,055,493</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.

F. Utility Debt

A summary of utility debt outstanding at September 30, 2018, follows:

\$5,680,800 Series 2010 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$401,400 through August 1, 2032 and interest at 2% to 4%.	\$ 4,813,200	Partial refunding of prior issues 2001 and 2002
\$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%.	42,047,202	Partial refunding of prior issues 1999, 2002, 2003, 2003A and 2004
\$10,267,205 Series 2015 Limited Tax and Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95%	8,710,105	Partial Refunding prior issues 2004 and 2005
\$16,736,700 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2% of 5%.	15,859,000	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%.	16,395,000	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%.	5,135,000	Infrastructure improvements
Total utility debt	<u>\$ 92,959,507</u>	

The annual requirements to retire all Utility Fund bonds, including interest, at September 30, 2018, follows:

Fiscal Year	Principal	Interest	Total Requirements
2019	\$ 3,141,149	\$ 4,200,017	\$ 7,341,166
2020	3,259,451	4,087,474	7,346,925
2021	3,380,919	3,949,168	7,330,087
2022	3,371,672	3,809,731	7,181,403
2023	3,537,952	3,647,617	7,185,569
2024-2028	20,038,478	15,799,138	35,837,616
2029-2033	26,514,500	10,484,078	36,998,578
2034-2038	16,070,800	4,433,168	20,503,968
2039-2043	8,070,550	2,151,148	10,221,698
2044-2047	5,574,036	498,372	6,072,408
Total	<u>\$ 92,959,507</u>	<u>\$ 53,059,911</u>	<u>\$ 146,019,418</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.

G. 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, in the event that 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, at September 30, 2018, follows:

Fiscal Year	Principal	Interest	Total Requirements
2019	\$ 535,000	\$ 1,010,291	\$ 1,545,291
2020	800,000	981,622	1,781,622
2021	835,000	946,511	1,781,511
2022	870,000	909,896	1,779,896
2023	905,000	871,777	1,776,777
2024-2028	8,130,000	3,600,715	11,730,715
2029-2032	11,715,000	1,032,842	12,747,842
Total	<u>\$ 23,790,000</u>	<u>\$ 9,353,654</u>	<u>\$ 33,143,654</u>

In November 2009, September 2012 and January 2014, PCDC entered into agreements with the City to contribute its share of debt service payments to the City for bonds that the City issued on PCDC's behalf. PCDC's share of the 2009, 2013 and 2014 debt was determined to be \$2,750,000, \$4,600,000 and \$4,980,000, respectively, and was used for infrastructure improvements to land owned by PCDC and street projects related to economic development.

In December 2017, the City partially refunded the PCDC portion of the 2009 issue. PCDC's share of the 2017 debt was determined to be \$2,010,000.

Future payments of principal and interest under the agreements are as follows:

Fiscal Year	2013 issue	2014 issue	2017 issue	Total
2019	\$ -	\$ -	\$ -	\$ -
2020	-	-	59,285	59,285
2021	227,206	362,631	161,550	751,387
2022	224,206	361,031	162,550	747,787
2023	221,206	362,031	163,300	746,537
2024-2028	1,816,331	1,811,156	810,750	4,438,237
2029-2033	2,638,638	1,804,756	822,400	5,265,794
2034-2035	-	-	328,800	328,800
Total repayment	<u>\$ 5,127,587</u>	<u>\$ 4,701,605</u>	<u>\$ 2,508,635</u>	<u>\$ 12,337,827</u>

In January 2017, the City Council approved use of the City funds drawn from an Irrevocable Letter of Credit related to the Arista Project as an advance of the PCDC's debt reimbursement payments to the City. This \$3,000,000 advance funds the PCDC's debt service obligations to the City in full for fiscal years 2017 through 2019 and partially in fiscal year 2020. For 2021 and thereafter, PCDC will be responsible for funding all of its obligations as reflected in the table above.

VII. DEFINED BENEFIT PENSION PLAN

A. Plan Description

The City participates as one of 883 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 (CAFR) that can be obtained at www.tmrs.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
Service retirement for vesting	20 years at any age or 5 year at the 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, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	79
Inactive employees entitled to but not yet receiving benefits	165
Active employees	<u>335</u>
	<u><u>579</u></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 13.67% and 13.67% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$2,694,972, and were equal to the required contributions.

D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% 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, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by a factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order 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 and 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 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	4.15%
Real Return	10.00%	4.15%
Real Estate	10.00%	4.75%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	7.75%
	100.00%	

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 12/31/2016	\$ 55,876,748	\$ 44,045,446	\$ 11,831,302
Changes for the year:			
Service cost	3,232,222	-	3,232,222
Interest	3,818,322	-	3,818,322
Difference between expected and actual experience	(69,398)	-	(69,398)
Contributions - employer	-	2,572,468	(2,572,468)
Contributions - employee	-	1,330,915	(1,330,915)
Net investment income	-	6,108,008	(6,108,008)
Benefit payments, including refunds of employee contributions	(1,850,261)	(1,850,261)	-
Administrative expense	-	(31,636)	31,636
Other changes	-	(1,604)	1,604
Net changes	5,130,885	8,127,890	(2,997,005)
Balance at 12/31/2017	\$ 61,007,633	\$ 52,173,336	\$ 8,834,297

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	\$ 19,426,698	\$ 8,834,297	\$ 8,834,297	\$ 373,121

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.

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

For the year ended September 30, 2018, the City recognized pension expense of \$2,835,675.

At September 30, 2018, 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	\$ 360,802	\$ 76,815
Changes in actual assumptions	37,624	-
Differences between projected and actual investment earnings	-	1,428,340
Contributions subsequent to the measurement date	2,042,469	-
	<u>\$ 2,440,895</u>	<u>\$ 1,505,155</u>

\$2,042,469 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, 2019. 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,	
2019	\$ 55,874
2020	(28,056)
2021	(547,470)
2022	(580,426)
2023	(6,651)
	<u>\$(1,106,729)</u>

VIII. POSTEMPLOYMENT HEALTH CARE BENEFITS

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 316 active employees and 22 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	3.31% as of December 31, 2017
Inflation	2.50%
Salary Increases	3.50% to 10.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	20% for retirees over age 50 at retirement and for all disabled retirees

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 3.31%, 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 (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 1,613,709	\$ 1,412,052	\$ 1,242,476

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	\$ 1,259,430	\$ 1,412,052	\$ 1,596,954

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

At September 30, 2018, the City reported a liability of \$1,412,052 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$131,654. 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	\$ 71,319
Interest on the total OPEB liability	47,376
Differences between expected and actual experience of the total OPEB liability	23,017
Changes of assumptions	88,203
Benefit payments	(51,325)
Net Changes in total OPEB liability	178,590
Total OPEB Liability - beginning	1,233,462
Total OPEB Liability - ending	<u>\$ 1,412,052</u>

At September 30, 2018, the City reported deferred outflows of resources related to other post-employment benefits from the following sources:

	<u>Deferred Outflows of Resources</u>
Differences between expected and actual economic experience	\$ 20,335
Changes in actuarial assumptions	77,926
Contributions subsequent to the measurement date	<u>46,659</u>
Totals	<u>\$ 144,920</u>

\$46,659 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, 2019. 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 <u>Ended September 30,</u>	
2019	\$ 12,959
2020	12,959
2021	12,959
2022	12,959
2023	12,959
Thereafter	33,466

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 employment 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	68
Inactive employees entitled to but not yet receiving benefits	63
Active employees	<u>335</u>
Total	<u><u>466</u></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 2018 and 0.14% for 2017, of which 0.01% and 0.01%, respectively, 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, 2018 and 2017 were \$27,887 and \$26,098, 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2017
Inflation rate	2.50% per annum
Discount rate	3.31%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 10.5% 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 RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who became disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% 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, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

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 3.31% 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, 2017.

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 (3.31%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB Liability	\$ 751,172	\$ 601,578	\$ 489,791

OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs. At September 30, 2018, the City reported a liability of \$601,578 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2017. For the year ended September 30, 2018, the City recognized OPEB expense of \$63,919. 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 12/31/2016	\$ 491,704
Changes for the year:	
Service cost	36,125
Interest	19,233
Changes of assumptions	56,417
Benefit payments	(1,901)
Net changes	109,874
Balance at 12/31/2017	<u>\$ 601,578</u>

At September 30, 2018, 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
Changes in actuarial assumptions	\$ 47,856
Contributions subsequent to the measurement date	1,510
Totals	<u>\$ 49,366</u>

\$1,510 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, 2019. 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,	
2019	\$ 8,561
2020	8,561
2021	8,561
2022	8,561
2023	8,561
Thereafter	5,051

X. 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.

XI. COMMITMENTS AND CONTINGENCIES

The City participates in grant programs which are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent 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 \$13,274,000 for the governmental funds and \$562,000 for the proprietary fund.

On September 28, 2011, the City entered into a lease agreement with the Travis County Emergency Services District No. 2 to lease building space. On September 28, 2016, the City renewed this lease for an additional sixty months commencing on October 1, 2016. Rent expense for the year ended September 30, 2018 was \$131,034. Future payments due under the agreement are as follows:

Fiscal Year	
2019	\$ 140,221
2020	140,221
2021	<u>149,347</u>
	<u>\$ 429,789</u>

XII. TAX ABATEMENTS

The Governmental Accounting Standards Board released Statement 77, Tax Abatement Disclosures (GASB 77). The standard requires local governments for the first time to disclose information about tax abatement agreements for reporting periods beginning after December 15, 2015. Tax abatements result from agreements entered into 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 also 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 2018, the City rebated \$922,623 in taxes.

Tax Increment Reinvestment Zone – In 2010, the City created Pflugerville Tax Increment Reinvestment Zone (TIRZ) No. 1 under Chapter 311 of the Texas Tax Code to stimulate economic development in designated areas. Any ad valorem property value created within the TIRZ #1 above the base value of \$5,934,138 is dedicated to the TIRZ to pay for projects included in the adopted Project Plan and debt service on such projects. For fiscal year 2018, Pflugerville TIRZ #1 received \$1,134,204 of property tax increment.

XIII. INVESTMENT IN DIRECT FINANCING LEASE

The PCDC has entered into a direct financing lease with Typhoon Texas (Typhoon) for land and improvements for a water park. See Note VI for information on the related debt. The lease term is 26 years, with two 10-year renewal options. The components of the net investment in direct financing lease are summarized as follows:

Total minimum lease payments to be received	\$ 22,875,500
Interest earnings	-
Net investment in direct financing lease	<u>\$ 22,875,500</u>

The scheduled financing lease payments are as follows:

<u>Fiscal Year</u>	
2019	\$ 650,000
2020	1,150,000
2021	1,150,000
2022	1,150,000
2023	1,150,000
2024-2028	5,750,000
2029-2033	5,750,000
2034-2038	6,125,000
Less: Interest	-
	<u>\$ 22,875,000</u>

The lease payment was modified for 2019 to \$650,000 from \$1,150,000. Additional improvements of \$500,000 were required as part of the new agreement.

Under the original terms of the lease, if Typhoon had elected to terminate the lease within the first five years, the PCDC would have been obligated to pay Typhoon \$4,500,000 to reimburse Typhoon for their initial capital investment. As a result, beginning in fiscal year 2017, the PCDC was required to deposit annually at least \$900,000 into a segregated account held by the City on PCDC's behalf until such fund reached a maximum balance of \$4,500,000. At September 30, 2018, this investment reserve fund had a balance of \$1,814,125.

Subsequent to fiscal year-end, this agreement was amended, and the PCDC is no longer obligated to repay all or any portion of the \$4,500,000 expended by Typhoon.

XIV. UPCOMING ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements which will become effective in future years.

Statement No. 83, Certain Asset Retirement Obligations – This statement addresses accounting and financial reporting for certain asset retirement obligations (AROs). An ARO is a legally enforceable liability associated with the retirement of a tangible capital asset. A government that has legal obligations to perform future asset retirement activities related to its tangible capital assets should recognize a liability based on the guidance in this statement. This statement is effective for the City in fiscal year 2019.

Statement No. 84, Fiduciary Activities – The objective of this statement is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. This statement is effective for the City in fiscal year 2020.

Statement No. 87, Leases – This statement requires recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for leases accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources. This statement will become effective for the City in fiscal year 2021.

Statement No. 88, Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements – The objective of this statement is to improve the information that is disclosed in notes to government financial statements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should include when disclosing information related to debt. This statement will become effective for the City in fiscal year 2019.

Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective for the City in fiscal year 2021.

Statement No. 90, *Majority Equity Interests – an amendment of GASB Statements No. 14 and No. 61* – The objective of this statement is to improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and to improve the relevance of financial statement information for certain component units. This statement is effective for the City in fiscal year 2020.

XV. PRIOR PERIOD ADJUSTMENTS

During fiscal year 2018, the City adopted GASB Statement No. 75, *Accounting and Reporting for Post-Employment Benefits Other Than Pensions*. Adoption of this statement required a prior period adjustment to report the effect of the standard retroactively. The effect of this change in accounting principle on beginning net position of governmental activities was a decrease of \$847,785. Similarly, the effect on beginning net position of both the business-type activities and the enterprise fund was a decrease of \$100,384.

In prior years, the PCDC has entered into agreements with the City to make periodic contributions to the City to assist the City in making debt service payments on certain bonds issued by the City (see Note VI). In the prior year, the PCDC had recorded a liability for these commitments and the City had recorded a corresponding receivable. In the current year, the City and the PCDC determined that under generally accepted accounting principles these agreements do not meet the criteria for recognition as a liability of the PCDC until the fiscal year that the payments are made. As a result, the receivable was removed from the City's financial statements and beginning net position was decreased by \$9,564,434. Correspondingly, the liability was removed from the financial statements of the PCDC and beginning net position was increased by \$9,564,434.

XVI. SUBSEQUENT EVENTS

In the November 2018 bond election, voters passed bonds for \$21,100,000 for transportation projects, to be issued incrementally over the next few years.

On February 15, 2019, the City issued \$18,760,000 Combination Tax and Limited Revenue Certificates of Obligation, Series 2019 and \$5,050,000 Limited Tax Bonds, Series 2019. Proceeds from the sale of the 2019 Certificates will be used for wastewater and street infrastructure improvements. Proceeds from the sale of the 2019 Bonds will be used for voter approved transportation projects.

On December 11, 2018, the City enlarged the boundary of TIRZ #1. The expansion of the zone added an additional 67 acres with a taxable assessed valuation of \$3,919,027 for the base year.

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**REQUIRED
SUPPLEMENTAL INFORMATION**

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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, 2018

	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Total Pension Liability				
Service cost	\$ 3,232,222	\$ 3,034,235	\$ 2,748,863	\$ 2,353,433
Interest on total pension liability	3,818,322	3,440,165	3,209,605	2,884,857
Difference between expected and actual experience	(69,398)	500,239	(41,827)	112,939
Change of assumptions	-	-	78,820	-
Benefit payments/refund of contributions	(1,850,261)	(1,092,359)	(956,134)	(863,241)
Net change in total pension liability	5,130,885	5,882,280	5,039,327	4,487,988
Total pension liability, beginning	<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>\$ 61,007,633</u>	<u>\$ 55,876,748</u>	<u>\$ 49,994,468</u>	<u>\$ 44,955,141</u>
Fiduciary Net Position				
Contributions - employer	\$ 2,572,468	\$ 2,420,286	\$ 2,222,649	\$ 1,958,758
Contributions - employee	1,330,915	1,242,085	1,129,891	1,050,675
Net investment income	6,108,008	2,628,888	53,810	1,858,571
Benefit payments/refunds of contributions	(1,850,261)	(1,092,359)	(956,134)	(863,241)
Administrative expenses	(31,636)	(29,674)	(32,771)	(19,398)
Other	(1,604)	(1,599)	(1,619)	(1,595)
Net change in fiduciary net position	8,127,890	5,167,627	2,415,826	3,983,770
Fiduciary net position, beginning	<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>\$ 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>\$ 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	85.52%	78.83%	77.76%	81.11%
Pensionable covered payroll	\$ 19,013,072	\$ 17,744,066	\$ 16,141,296	\$ 15,009,641
Net pension liability as a percentage of covered payroll	46.46%	66.68%	68.87%	56.58%

Note: The information from this schedule corresponds with the period covered as of the Plan's measurement dates of December 31. Plan information was 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 FISCAL YEAR 2018

<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	13.57%
2016	2,450,172	2,450,172	-	17,919,058	13.67%
2017	2,527,062	2,527,062	-	18,641,283	13.56%
2018	2,694,972	2,694,972	-	19,918,489	13.53%

Note: The information from this schedule corresponds with the City's fiscal years ended September 30. Plan information was unavailable prior to 2014. Ten years will ultimately be displayed.

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CITY OF PFLUGERVILLE, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY
AND RELATED RATIOS
POSTEMPLOYMENT HEALTH CARE BENEFITS
FOR THE YEAR ENDED SEPTEMBER 30, 2018

Plan Year ended December 31,	<u>2017</u>
A. Total OPEB liability	
Service Cost	\$ 71,319
Interest (on the Total OPEB Liability)	47,376
Difference between expected and actual experience of the total OPEB liability	23,017
Changes of assumptions	88,203
Benefit payments	<u>(51,325)</u>
Net change in Total OPEB liability	178,590
Total OPEB liability - beginning	<u>1,233,462</u>
Total OPEB liability - ending (a)	<u>1,412,052</u>
B. Covered employee payroll	\$ 19,013,064
C. Total OPEB liability as a percentage of covered employee payroll	7.43%

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, 2018

Plan Year ended December 31,	<u>2017</u>
A. Total OPEB liability	
Service Cost	\$ 36,125
Interest (on the Total OPEB Liability)	19,233
Changes of assumptions	56,417
Benefit payments, including refunds of employee contributions	(1,901)
Net change in Total OPEB liability	109,874
Total OPEB liability - beginning	<u>491,704</u>
Total OPEB liability - ending (a)	<u>601,578</u>
B. Covered employee payroll	\$ 19,013,072
C. Total OPEB liability as a percentage of covered employee payroll	3.16%

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*.

COMBINING SCHEDULES

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CITY OF PFLUGERVILLE, TEXAS

**COMBINING BALANCE SCHEDULE
GENERAL FUND - SUBFUNDS**

SEPTEMBER 30, 2018

	General	Reserve Funds	Totals
	<u> </u>	<u> </u>	<u> </u>
ASSETS			
Cash and investments	\$ 16,615,900	\$ 61,341	\$ 16,677,241
Taxes receivable	2,191,799	-	2,191,799
Other receivables	749,726	-	749,726
Due from other funds	165,480	-	165,480
Due from component unit	39,022	-	39,022
Total assets	<u>19,761,927</u>	<u>61,341</u>	<u>19,823,268</u>
LIABILITIES			
Accounts payable	1,773,795	43,245	1,817,040
Wages payable	388,425	-	388,425
Due to other funds	8,812	-	8,812
Total liabilities	<u>2,171,032</u>	<u>43,245</u>	<u>2,214,277</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes and fines	775,272	-	775,272
Total deferred inflows of resources	<u>775,272</u>	<u>-</u>	<u>775,272</u>
FUND BALANCES			
Committed for:			
Specific programs	-	18,096	18,096
Subsequent year's budget:			
appropriation of fund balance	2,294,057	-	2,294,057
Unassigned	14,521,566	-	14,521,566
Total fund balances	<u>16,815,623</u>	<u>18,096</u>	<u>16,833,719</u>
 Total liabilities, deferred inflows of resources and fund balances	 <u>\$ 19,761,927</u>	 <u>\$ 61,341</u>	 <u>\$ 19,823,268</u>

CITY OF PFLUGERVILLE, TEXAS

**COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND - SUBFUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2018

	<u>General</u>	<u>Reserve Funds</u>	<u>Totals</u>
REVENUES			
Taxes:			
Property	\$ 15,726,989	\$ -	\$ 15,726,989
Sales	8,988,394	-	8,988,394
Franchise	3,833,042	-	3,833,042
Mixed beverages	99,163	-	99,163
Licenses and permits	2,203,341	-	2,203,341
Intergovernmental	808,261	-	808,261
Fines and forfeitures	620,075	-	620,075
Investment income	387,992	-	387,992
Charges for services	547,958	-	547,958
Other income	901,263	-	901,263
Total revenues	<u>34,116,478</u>	<u>-</u>	<u>34,116,478</u>
EXPENDITURES			
Current:			
General government	7,971,572	-	7,971,572
Public safety	14,196,627	86,410	14,283,037
Public works and streets	6,540,510	-	6,540,510
Culture and recreation	4,291,255	-	4,291,255
Capital outlay	1,422,660	895,155	2,317,815
Total expenditures	<u>34,422,624</u>	<u>981,565</u>	<u>35,404,189</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	(306,146)	(981,565)	(1,287,711)
OTHER FINANCING SOURCES (USES)			
Transfers in (out) - intrafund	1,505	(1,505)	-
Transfers in	1,106,789	-	1,106,789
Transfers out	-	(1,286,739)	(1,286,739)
Sale of capital assets	55,968	-	55,968
Insurance recoveries	18,153	-	18,153
Total other financing sources and uses	<u>1,182,415</u>	<u>(1,288,244)</u>	<u>(105,829)</u>
NET CHANGE IN FUND BALANCES	876,269	(2,269,809)	(1,393,540)
FUND BALANCES, BEGINNING	<u>15,939,354</u>	<u>2,287,905</u>	<u>18,227,259</u>
FUND BALANCES, ENDING	<u>\$ 16,815,623</u>	<u>\$ 18,096</u>	<u>\$ 16,833,719</u>

STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City of Pflugerville’s comprehensive annual 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 government’s overall financial health.

Contents	Page
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	85
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	92
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	99
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	104
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the service the government provides and the activities it performs.</i>	107

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

City of Pflugerville
Net Position by Components
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Governmental activities										
Net Investment in Capital Assets	\$ 153,437	\$ 149,792	\$ 143,269	\$ 132,428	\$ 121,820	\$ 119,082	\$ 121,114	\$ 110,465	\$ 108,984	\$ 112,265
Restricted	1,849	1,508	1,636	2,414	2,460	2,691	2,804	3,395	3,851	3,798
Unrestricted	10,961	9,637	11,622	12,255	12,013	13,905	9,276	11,441	20,658	8,476
Total governmental activities net position	<u>\$ 166,246</u>	<u>\$ 160,937</u>	<u>\$ 156,527</u>	<u>\$ 147,097</u>	<u>\$ 136,293</u>	<u>\$ 135,678</u>	<u>\$ 133,193</u>	<u>\$ 125,302</u>	<u>\$ 133,493</u>	<u>\$ 124,539</u>
Business-type activities										
Net Investment in Capital Assets	\$ 61,139	\$ 64,633	\$ 69,065	\$ 69,870	\$ 73,042	\$ 82,043	\$ 81,232	\$ 87,523	\$ 93,657	\$ 102,634
Restricted	9,578	7,354	6,679	6,569	6,091	8,842	11,281	11,976	11,418	12,608
Unrestricted	10,145	9,061	10,089	12,675	14,048	13,596	14,689	15,857	17,056	18,468
Total business-type activities net position	<u>\$ 80,863</u>	<u>\$ 81,047</u>	<u>\$ 85,833</u>	<u>\$ 89,115</u>	<u>\$ 93,180</u>	<u>\$ 104,481</u>	<u>\$ 107,203</u>	<u>\$ 115,356</u>	<u>\$ 122,131</u>	<u>\$ 133,710</u>
Primary government										
Net Investment in Capital Assets	\$ 214,577	\$ 214,425	\$ 212,334	\$ 202,298	\$ 194,862	\$ 201,125	\$ 202,346	\$ 197,988	\$ 202,641	\$ 214,899
Restricted	11,427	8,862	8,315	8,983	8,551	11,533	14,085	15,371	15,268	16,406
Unrestricted	21,106	18,698	21,711	24,930	26,061	27,501	23,965	27,298	37,715	26,944
Total primary government net position	<u>\$ 247,109</u>	<u>\$ 241,984</u>	<u>\$ 242,360</u>	<u>\$ 236,211</u>	<u>\$ 229,473</u>	<u>\$ 240,159</u>	<u>\$ 240,396</u>	<u>\$ 240,658</u>	<u>\$ 255,624</u>	<u>\$ 258,249</u>

City of Pflugerville
Changes in Net Position
Last Ten Fiscal Years

(accrual basis of accounting; amounts expressed in thousands)

Expenses	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Governmental activities:										
General government	\$ 4,903	\$ 4,925	\$ 6,079	\$ 7,015	\$ 5,315	\$ 6,094	\$ 6,783	\$ 7,428	\$ 10,444	\$ 11,346
Public safety	9,435	10,598	10,643	11,061	11,639	12,237	13,018	15,012	17,271	17,797
Public works and streets	11,099	13,447	12,047	13,534	13,557	19,772	15,976	22,546	18,471	22,058
Culture/Recreation	3,563	3,610	3,672	3,874	4,375	4,783	4,475	4,933	5,312	5,742
Interest on long term debt	3,005	3,537	3,520	3,343	3,634	3,660	3,846	4,702	5,379	6,048
Total governmental activities expenses	<u>32,005</u>	<u>36,118</u>	<u>35,961</u>	<u>38,826</u>	<u>38,520</u>	<u>46,547</u>	<u>44,097</u>	<u>54,621</u>	<u>56,877</u>	<u>62,991</u>
Business-type expenses:										
Water and wastewater	18,016	16,211	17,744	17,010	18,540	18,751	19,249	21,440	21,981	23,765
Solid waste	2,816	3,273	3,475	3,623	3,767	3,916	4,125	4,360	4,636	4,861
Total business-type expenses	<u>20,832</u>	<u>19,484</u>	<u>21,219</u>	<u>20,633</u>	<u>22,307</u>	<u>22,667</u>	<u>23,374</u>	<u>25,799</u>	<u>26,617</u>	<u>28,626</u>
Total primary government expenses	<u>\$ 52,836</u>	<u>\$ 55,602</u>	<u>\$ 57,180</u>	<u>\$ 59,459</u>	<u>\$ 60,827</u>	<u>\$ 69,214</u>	<u>\$ 67,471</u>	<u>\$ 80,421</u>	<u>\$ 83,494</u>	<u>\$ 91,617</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 837	\$ 539	\$ 648	\$ 928	\$ 1,247	\$ 1,586	\$ 1,435	\$ 1,582	\$ 1,960	\$ 2,190
Public safety	2,710	2,496	2,788	2,943	2,874	3,049	3,287	3,693	3,638	3,248
Public works and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	736	791	737	785	757	717	698	741	749	748
Operating grants and contributions	87	349	283	244	202	479	210	376	493	492
Capital grants and contributions	3,918	3,275	1,910	3,475	2,882	11,921	12,499	5,949	9,466	14,804
Total governmental activities program revenues	<u>8,290</u>	<u>7,450</u>	<u>6,367</u>	<u>8,374</u>	<u>7,962</u>	<u>17,753</u>	<u>18,129</u>	<u>12,341</u>	<u>16,306</u>	<u>21,482</u>
Business-type activities:										
Charges for services:										
Water and wastewater	16,287	15,574	18,869	17,951	18,258	17,967	19,457	21,042	21,811	24,953
Solid waste	2,856	3,300	3,484	3,622	3,777	3,935	4,112	4,387	4,631	4,884
Operating grants and contributions	-	-	-	-	-	-	-	-	-	-
Capital grants and contributions	4,403	1,184	4,183	3,007	5,834	12,704	8,819	9,113	7,405	10,328
Total business-type activities program revenues	<u>23,546</u>	<u>20,058</u>	<u>26,536</u>	<u>24,580</u>	<u>27,869</u>	<u>34,606</u>	<u>32,387</u>	<u>34,542</u>	<u>33,847</u>	<u>40,165</u>
Total primary government program revenues	<u>\$ 31,836</u>	<u>\$ 27,508</u>	<u>\$ 32,903</u>	<u>\$ 32,954</u>	<u>\$ 35,831</u>	<u>\$ 52,359</u>	<u>\$ 50,516</u>	<u>\$ 46,884</u>	<u>\$ 50,153</u>	<u>\$ 61,647</u>

Changes in Net Position (cont.)

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Net (expense)/revenue										
Governmental activities:	(23,715)	(28,668)	(29,594)	(30,452)	(30,558)	(28,794)	(25,968)	(42,280)	(40,571)	(41,509)
Business-type activities:	2,714	574	5,317	3,947	5,563	11,939	9,014	8,743	7,231	11,539
Total primary government net expense	<u>\$ (21,000)</u>	<u>\$ (28,094)</u>	<u>\$ (24,277)</u>	<u>\$ (26,505)</u>	<u>\$ (24,995)</u>	<u>\$ (16,855)</u>	<u>\$ (16,955)</u>	<u>\$ (33,537)</u>	<u>\$ (33,340)</u>	<u>\$ (29,970)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 15,271	\$ 16,261	\$ 16,940	\$ 17,005	\$ 17,040	\$ 17,356	\$ 18,411	\$ 21,024	\$ 23,695	\$ 26,731
Sales taxes	3,213	3,364	3,898	4,419	4,833	5,658	6,736	7,550	8,319	8,988
Franchise taxes	2,438	2,595	2,999	2,931	2,913	3,323	3,493	3,561	3,728	3,929
Alcoholic beverage taxes	26	22	28	24	35	68	76	87	81	99
Hotel taxes	-	-	-	-	-	-	1	20	150	340
Investment earnings	202	86	58	38	32	38	79	270	562	1,130
Other income	187	736	494	488	356	855	1,057	1,019	271	953
Gain on sale of capital assets	-	9	27	19	39	14	-	-	47	-
Transfers	500	500	700	750	(772)	750	315	857	844	797
Total governmental activities	<u>21,837</u>	<u>23,574</u>	<u>25,144</u>	<u>25,674</u>	<u>24,477</u>	<u>28,061</u>	<u>30,167</u>	<u>34,388</u>	<u>37,697</u>	<u>42,967</u>
Business-type activities:										
Investment earnings	147	56	32	25	24	11	55	159	334	878
Other income	-	50	136	50	144	101	135	109	51	52
Gain on sale of capital assets	-	5	-	9	-	-	61	-	3	7
Transfers	(500)	(500)	(700)	(750)	772	(750)	(315)	(857)	(844)	(797)
Total business type activities	<u>(353)</u>	<u>(389)</u>	<u>(532)</u>	<u>(665)</u>	<u>940</u>	<u>(638)</u>	<u>(64)</u>	<u>(589)</u>	<u>(456)</u>	<u>140</u>
Total primary government	<u>\$ 21,484</u>	<u>\$ 23,185</u>	<u>\$ 24,612</u>	<u>\$ 25,008</u>	<u>\$ 25,417</u>	<u>\$ 27,423</u>	<u>\$ 30,103</u>	<u>\$ 33,799</u>	<u>\$ 37,241</u>	<u>\$ 43,107</u>
Change in Net Position										
Governmental activities	\$ (1,877)	\$ (5,093)	\$ (4,451)	\$ (4,778)	\$ (6,081)	\$ (733)	\$ 4,198	\$ (7,892)	\$ (2,873)	\$ 1,458
Business-type activities	2,361	184	4,786	3,282	6,502	11,301	8,950	8,153	6,775	11,679
Total primary government	<u>\$ 484</u>	<u>\$ (4,909)</u>	<u>\$ 335</u>	<u>\$ (1,497)</u>	<u>\$ 422</u>	<u>\$ 10,568</u>	<u>\$ 13,148</u>	<u>\$ 262</u>	<u>\$ 3,902</u>	<u>\$ 13,137</u>

City of Pflugerville
Fund Balances of Governmental Funds
(modified accrual basis of accounting; amounts expressed in thousands)
Last Ten Fiscal Years

	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	9,398	7,897	-	-	-	-	-	-	-	-
Committed	-	-	2,765	1,592	2,432	2,624	2,906	3,947	2,288	18
Assigned	-	-	-	-	-	-	-	-	-	2,294
Unassigned	-	-	6,844	8,961	9,513	11,154	12,222	13,793	15,939	14,522
Total general fund	<u>\$ 9,398</u>	<u>\$ 7,897</u>	<u>\$ 9,609</u>	<u>\$ 10,553</u>	<u>\$ 11,945</u>	<u>\$ 13,778</u>	<u>\$ 15,128</u>	<u>\$ 17,740</u>	<u>\$ 18,227</u>	<u>\$ 16,834</u>
All other governmental funds										
Reserved	\$ 1,723	\$ 2,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	280	371	-	-	-	-	-	-	-	-
Capital projects funds	14,863	18,594	-	-	-	-	-	-	-	-
Restricted	-	-	18,956	12,788	11,516	6,705	24,152	49,571	28,613	28,393
Committed	-	-	50	116	164	214	78	105	64	83
Assigned	-	-	-	10	5	6	5	5	5	5
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 16,866</u>	<u>\$ 21,035</u>	<u>\$ 19,006</u>	<u>\$ 12,913</u>	<u>\$ 11,684</u>	<u>\$ 6,924</u>	<u>\$ 24,235</u>	<u>\$ 49,681</u>	<u>\$ 28,682</u>	<u>\$ 28,481</u>
Total fund balances	<u><u>\$ 26,264</u></u>	<u><u>\$ 28,932</u></u>	<u><u>\$ 28,615</u></u>	<u><u>\$ 23,466</u></u>	<u><u>\$ 23,629</u></u>	<u><u>\$ 20,702</u></u>	<u><u>\$ 39,363</u></u>	<u><u>\$ 67,421</u></u>	<u><u>\$ 46,909</u></u>	<u><u>\$ 45,315</u></u>

*Beginning in 2011 the City implemented GASB Statement No. 54, which modified the fund balance reporting categories.

City of Pflugerville
Governmental Activities Tax Revenues by Source
(accrual basis of accounting)
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Hotel Tax</u>	<u>Total</u>
2009	\$ 15,270,534	\$ 3,213,139	\$ 2,438,209	\$ 26,256	\$ -	\$ 20,948,138
2010	16,261,249	3,363,739	2,595,306	22,286	-	22,242,580
2011	16,939,622	3,897,834	2,998,551	28,324	-	23,864,331
2012	17,005,330	4,418,653	2,930,906	24,070	-	24,378,959
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

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City of Pflugerville
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Revenues										
Taxes	\$ 20,770	\$ 22,268	\$ 23,862	\$ 24,393	\$ 24,794	\$ 26,364	\$ 28,765	\$ 32,163	\$ 36,038	\$ 39,970
Licenses and permits	610	588	696	1,009	1,332	1,663	1,541	1,654	2,037	2,266
Intergovernmental	3,492	1,618	1,878	1,983	2,261	4,192	3,916	3,675	7,747	7,002
Fines	1,053	1,134	1,189	1,316	1,131	1,116	1,129	1,191	1,020	671
Interest income	202	86	58	38	32	38	79	270	562	1,130
Miscellaneous	3,119	2,891	1,185	1,052	835	880	912	931	1,132	1,569
Total revenues	29,246	28,585	28,870	29,792	30,385	34,253	36,343	39,884	48,536	52,608
Expenditures										
General government	\$ 4,489	\$ 4,581	\$ 4,824	\$ 4,789	\$ 4,889	\$ 5,880	\$ 6,444	\$ 6,830	\$ 9,030	\$ 8,523
Public safety	8,889	9,851	9,913	10,324	10,977	11,564	12,348	14,017	15,400	16,596
Public works and streets	1,910	1,787	1,841	2,722	2,725	2,889	3,746	3,768	5,314	6,541
Culture and recreation	3,174	3,226	3,251	3,239	3,634	3,771	3,770	3,874	4,186	4,407
Capital outlay	11,369	12,545	10,536	8,926	7,954	12,545	5,922	25,619	26,944	28,842
Debt service										
Principal	1,535	1,852	2,272	2,344	2,475	2,812	2,910	3,003	3,533	5,283
Interest	2,847	3,317	3,373	3,266	3,411	3,514	3,436	3,794	5,642	5,786
Other charges	508	502	370	78	217	145	317	805	6	382
Total expenditures	34,721	37,661	36,381	35,688	36,282	43,119	38,894	61,710	70,055	76,360
Excess of revenues over (under) expenditures	\$ (5,475)	\$ (9,076)	\$ (7,511)	\$ (5,896)	\$ (5,898)	\$ (8,866)	\$ (2,550)	\$ (21,827)	\$ (21,519)	\$ (23,752)

Changes in Fund Balances of Governmental Funds (cont.)

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Other financing sources (uses)										
Transfers out	\$ -	\$ (7)	\$ (126)	\$ (49)	\$ (1,585)	\$ (59)	\$ (638)	\$ (281)	\$ (2,069)	\$ (2,847)
Transfers in	500	507	826	799	813	809	953	1,138	2,913	3,645
Sale of capital assets	7	9	27	19	39	14	26	50	47	56
Premium on bonds issued	-	43	388	2,128	64	154	1,448	6,880	-	3,170
Discount on bonds issued	(154)	(97)	(9)	-	-	-	-	-	-	-
Bond Proceeds	14,500	14,382	16,229	14,982	6,600	4,980	22,441	68,980	-	28,200
Payment to bond refunding escrow agent	-	(2,902)	(10,282)	(17,160)	-	-	(3,045)	(26,928)	-	(10,083)
Insurance recoveries	6	29	101	28	11	41	27	46	117	18
Total other financing sources (uses)	<u>14,859</u>	<u>11,964</u>	<u>7,153</u>	<u>747</u>	<u>5,943</u>	<u>5,939</u>	<u>21,212</u>	<u>49,885</u>	<u>1,008</u>	<u>22,159</u>
Net change in fund balances	<u>\$ 9,384</u>	<u>\$ 2,889</u>	<u>\$ (358)</u>	<u>\$ (5,149)</u>	<u>\$ 45</u>	<u>\$ (2,927)</u>	<u>\$ 18,661</u>	<u>\$ 28,058</u>	<u>\$ (20,511)</u>	<u>\$ (1,593)</u>
Capital outlay including amounts reported										
under departmental expenditures	\$ 11,211	\$ 12,232	\$ 9,285	\$ 6,234	\$ 7,558	\$ 6,689	\$ 5,580	\$ 18,969	\$ 26,033	\$ 24,187
Debt service as a percentage										
of noncapital expenditures	18.6%	20.3%	20.8%	19.0%	20.5%	17.4%	19.0%	15.9%	20.8%	21.2%

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

Fiscal Year	Real Property		Personal Property	Less:	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		Tax Exempt Real Property					
2009	\$ 2,000,762,235	\$ 483,463,819	\$ 179,109,976	\$ 174,166,430	\$ 2,489,169,600	31.30%	\$ 0.6140	\$ 2,489,169,600	100.0%
2010	2,180,612,058	538,457,480	198,209,982	293,270,168	2,624,009,352	5.42%	0.6090	2,624,009,352	100.0%
2011	2,273,827,616	546,581,824	196,080,703	235,132,531	2,781,357,612	6.00%	0.6040	2,781,357,612	100.0%
2012	2,343,923,432	519,094,632	172,089,561	231,415,306	2,803,692,319	0.80%	0.5990	2,803,692,319	100.0%
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	100.0%
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	100.0%
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	100.0%
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	100.0%
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	100.0%
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	100.0%

Source: Travis Central Appraisal District; Williamson County Appraisal District

City of Pflugerville
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	
2009	\$0.4371	\$0.1769	\$0.6140	\$0.3394	\$0.0728	\$0.4122	\$1.0400	\$0.4200	\$1.4600	\$0.0937	\$0.0063	\$0.1000	\$0.0679	\$0.0000	\$0.0679	\$2.6541
2010	0.4114	0.1976	0.6090	0.3517	0.0698	0.4215	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0674	0.0000	0.0674	2.6579
2011	0.4101	0.1939	0.6040	0.3858	0.0800	0.4658	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0719	0.0000	0.0719	2.7017
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.4400	1.4800	0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.7434
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

* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

**City of Pflugerville
Water and Wastewater Rates
Last Ten Fiscal Years**

	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
<u>Water Rates</u>										
Base Charge	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.50
Usage:										
0 - 3,000 gallons							\$ 3.40	\$ 3.40	\$ 3.40	\$ 3.40
0 - 12,000 gallons	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35				
3,000 - 10,000 gallons							\$ 4.30	\$ 4.30	\$ 4.30	\$ 4.30
10,001 - 25,000 gallons							\$ 5.40	\$ 5.40	\$ 5.40	\$ 5.40
12,000 - 26,000 gallons	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61				
25,001 + gallons							\$ 6.80	\$ 6.80	\$ 6.80	\$ 6.80
26,001 + gallons	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73				
<u>Wastewater Rates</u>										
Base (3,000 gallons)	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50				
Base (0 gallons)							\$ 19.50	\$ 19.50	\$ 19.50	\$ 22.50
Usage per 1,000 gallons	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 1.25	\$ 1.25	\$ 1.25	\$ 1.55
City average (new customers)	\$ 30.61	\$ 26.04	\$ 28.30	\$ 27.45	\$ 28.85	\$ 25.17	\$ 25.63	\$ 25.50	\$ 26.13	\$ 30.72

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.

Source: Utility Billing Department

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

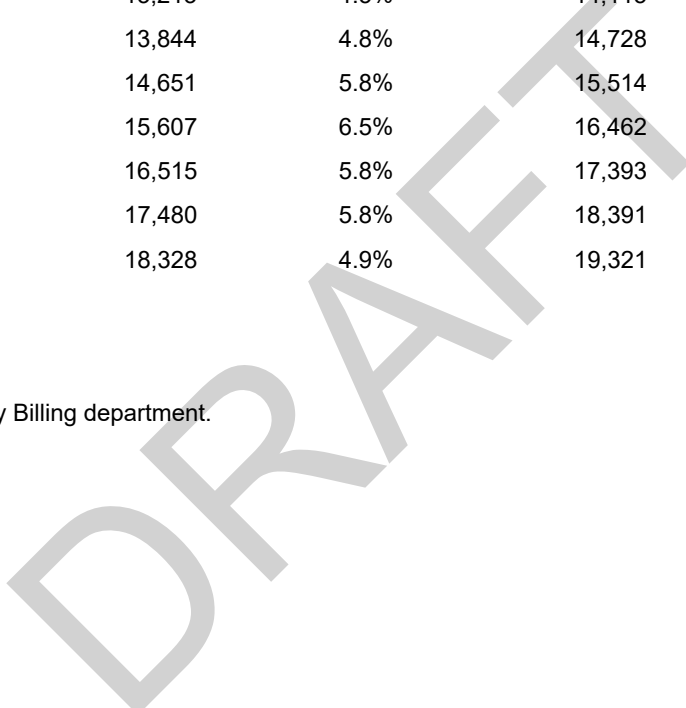
Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH130 - SH45, L.P.	\$ 139,694,214	1	2.83%	\$ 22,980,116	2	0.92%
Centennial Stone Hill LP	50,700,000	2	1.03%	-	-	-
Western Rim Investors 2014-6LP	40,805,000	3	0.83%	-	-	-
Swenson Farms Apartment Community	38,140,600	4	0.77%	-	-	-
1825 Place LLC	38,083,300	5	0.77%	-	-	-
KC Villas LLC	36,000,000	6	0.73%	-	-	-
Target Corporation	27,063,537	7	0.55%	13,070,346	9	-
Oncor Electric Delivery Company LLC	24,525,661	8	0.50%	20,447,810	4	0.82%
130 Commerce Center LLC	24,118,667	9	0.49%	-	-	-
Piret (Impact Way) Holdings LLC	22,853,212	10	0.46%	-	-	-
SCA 115 Swenson LLC	-	-	-	25,871,308	1	1.04%
Pflugerville Covington	-	-	-	21,312,945	3	0.86%
Wal-Mart Real Estate Business Trust	-	-	-	18,202,963	5	0.73%
Timmerman Terrell	-	-	-	14,793,913	6	0.59%
Verde Meister Lane LP	-	-	-	14,095,658	7	0.57%
Home Depot	-	-	-	13,963,124	8	0.56%
Terrabrook Falcon Pointe LP	-	-	-	10,619,262	10	0.43%
	<u>\$ 441,984,191</u>		<u>8.96%</u>	<u>\$ 175,357,445</u>		<u>6.52%</u>

Source: Travis Central Appraisal District

**City of Pflugerville
 Water and Wastewater Customers
 Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Water</u>		<u>Wastewater</u>	
	<u>Water Customers</u>	<u>Percentage of Change</u>	<u>Wastewater Customers</u>	<u>Percentage of Change</u>
2009	11,731	3.9%	12,670	3.7%
2010	12,154	3.6%	13,076	3.2%
2011	12,640	4.0%	13,567	3.8%
2012	13,213	4.5%	14,115	4.0%
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%

Source: Utility Billing department.



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

Fiscal Year	Original Tax Levy for the Fiscal Year ¹	Adjusted Tax Levy for the Fiscal Year ²	Collected within the fiscal year of the Levy		Tax Collections in Subsequent Years	Total Tax Collections	Total Collections as a Percent of Levy
			Amount	Percent of Levy			
2009	\$ 15,283,501	\$ 15,055,217	\$ 15,013,754	99.72%	\$ 20,137	\$ 15,033,890	99.86%
2010	15,980,217	16,260,264	16,129,455	99.20%	94,029	16,223,484	99.77%
2011	16,799,400	16,958,006	16,840,393	99.31%	90,467	16,930,860	99.84%
2012	16,794,117	17,042,787	16,929,307	99.33%	88,030	17,017,337	99.85%
2013	16,791,976	17,008,356	16,892,470	99.32%	72,992	16,965,462	99.75%
2014	17,189,602	17,320,892	17,245,430	99.56%	40,762	17,286,192	99.80%
2015	17,999,015	18,328,145	18,291,430	99.80%	(1,073)	18,290,357	99.79%
2016	20,265,425	20,844,072	20,878,898	100.17%	(83,185)	20,795,713	99.77%
2017	22,806,319	23,728,362	23,676,457	99.78%	(22,636)	23,653,821	99.69%
2018	25,520,254	26,617,967	26,545,109	99.73%	-	26,545,109	99.73%

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

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

<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Wastewater Revenue</u>
2009	\$ 10,752,853	\$ 5,338,220
2010	10,304,179	5,269,972
2011	13,362,222	5,506,942
2012	12,216,367	5,735,116
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

Source: City Financial Reports

City of Pflugerville
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 ¹		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges ²	Total Governmental Activities
2009	\$	18,700	\$	46,147	\$ -	\$ -	\$ (15)	\$ 64,832
2010		15,765		55,687	2,881	-	(69)	74,264
2011		17,505		49,129	12,213	-	295	79,142
2012		5,780		43,535	26,556	-	2,375	78,246
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

Business-Type Activities								
Fiscal Year	Revenue Bonds		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges ²	Total Business-Type Activities
	Water	Wastewater	Water	Wastewater				
2009	\$ 2,715	\$ 1,085	\$ 45,905	\$ 27,683	\$ -	\$ -	\$ 273	\$ 77,661
2010	-	-	45,303	33,765	2,639	-	236	81,943
2011	-	-	39,341	33,171	7,692	-	432	80,635
2012	-	-	1,828	18,832	54,549	-	7,047	82,256
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

Fiscal Year	Total Primary Government Debt	Percentage of Personal Income ³	Per Capita
2009	\$ 142,493	11.30%	\$ 3,208
2010	156,207	11.72%	3,328
2011	159,777	11.83%	3,337
2012	160,503	10.81%	3,205
2013	162,325	10.16%	3,048
2014	162,211	9.65%	2,958
2015	195,101	11.53%	3,518
2016	240,549	12.97%	4,209
2017	233,481	11.44%	3,815
2018	265,035	12.03%	4,124

¹ General Obligation Bonds include Limited Tax Bonds.

² Deferred charges include premiums and discounts on bonds.

³ See the Demographics Statistics for personal income and population data.

Source: City Financial Reports

**City of Pflugerville
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 Charges¹	Total	Less: Accumulated Resources	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property	Net Debt Per Capita
2009	\$ 18,700	\$ 46,147	\$ -	\$ (15)	\$ 64,832	\$ 1,297	\$ 63,535	2.55%	\$ 1,430
2010	15,765	55,687	2,881	(69)	74,264	1,485	72,779	2.77%	1,551
2011	17,505	49,129	12,213	295	79,142	1,583	77,559	2.79%	1,620
2012	5,780	43,535	26,556	2,375	78,246	1,565	76,681	2.74%	1,531
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

¹ Deferred charges include premiums and discounts on bonds.

**City of Pflugerville
Direct and Overlapping Governmental Activities Debt
September 30, 2018**

<u>Taxing Body</u>	<u>Debt Outstanding¹</u>	<u>Estimated Percentage Applicable¹</u>	<u>Estimated Share of Overlapping Debt</u>
Estimated Overlapping Debt:			
Travis County MUD #15	\$ 31,075,000	100.00%	\$ 31,075,000
Pflugerville I.S.D.	417,770,000	41.84%	174,794,968
Travis County	705,136,179	2.56%	18,051,486
Travis County Healthcare District	9,380,000	2.56%	240,128
North East Travis County Utility District	21,405,000	0.25%	53,513
Williamson County	878,234,942	0.03%	263,470
Austin CCD	418,335,000	0.02%	83,667
Total estimated overlapping debt	<u>2,481,336,121</u>	9.05%	<u>224,562,232</u>
Direct Debt - City of Pflugerville	<u>243,015,000</u>	100.00%	<u>243,015,000</u>
Direct and Estimated Overlapping Debt	<u><u>\$ 2,724,351,121</u></u>		<u><u>\$ 467,577,232</u></u>

Sources:

¹ 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 (9/30/18), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

**City of Pflugerville
 Legal Debt Margin Information
 Last Ten Fiscal Years**

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
Debt Limit	\$ 37,337,544	\$ 39,360,140	\$ 41,720,364	\$ 42,055,385	\$ 42,403,979	\$ 45,190,989	\$ 51,639,427	\$ 58,077,424	\$ 66,036,540	\$ 74,091,290
Total net debt applicable to limit	4,415,609	5,169,326	5,644,637	5,610,120	5,886,306	6,325,351	6,345,656	6,797,076	9,175,478	11,068,992
Legal debt margin	<u>\$ 32,921,935</u>	<u>\$ 34,190,814</u>	<u>\$ 36,075,727</u>	<u>\$ 36,445,265</u>	<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>
Total net debt applicable to the limit as a percentage of debt limit	11.83%	13.13%	13.53%	13.34%	13.88%	14.00%	12.29%	11.70%	13.89%	14.94%

Legal Debt Margin Calculation for Fiscal Year 2018

Assessed value of taxable property:	\$ 4,939,419,312
Debt limit (\$1.50 per \$100 of assessed valuation)	\$ 74,091,290
2018 Annual debt service applicable to limit:	
General obligation - principal	\$ 5,282,932
General obligation - interest	5,786,060
Legal debt margin	<u>\$ 63,022,298</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
Utility Fund Bond Coverage
Water and Wastewater Bonds
Last Ten Fiscal Years**

<u>Fiscal Year</u>	<u>Gross Water and Wastewater Revenues</u>	<u>Operating Expenses¹</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			<u>Coverage</u>
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	
2009	\$ 16,433,947	\$ 10,512,444	\$ 5,921,503	\$ 1,531,495	\$ 3,873,047	\$ 5,404,542	1.10
2010	15,679,741	8,657,206	7,022,535	1,603,560	3,883,606	5,487,166	1.28
2011	19,037,632	10,276,803	8,760,829	1,764,325	3,771,608	5,535,933	1.58
2012	18,027,068	10,506,317	7,520,751	1,841,430	2,727,871	4,569,301	1.65
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

¹Excludes depreciation expense

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

**City of Pflugerville
Demographic Statistics
Last Ten Fiscal Years**

Fiscal Year	Population ¹	School Enrollment ²	Total Personal Income ³	Personal Income Per Capita ⁴	Unemployment Rate ⁵
2009	44,415	21,288	\$ 1,261,519,245	\$ 28,403	5.80
2010	46,936	22,871	1,333,123,208	28,403	5.70
2011	47,874	23,287	1,350,860,658	28,217	5.80
2012	50,081	23,251	1,484,551,083	29,643	5.00
2013	53,250	23,225	1,597,233,750	29,995	4.50
2014	54,843	23,463	1,681,157,322	30,654	3.50
2015	55,455	23,853	1,692,153,870	30,514	2.80
2016	57,148	23,819	1,854,795,488	32,456	3.20
2017	61,200	24,562	2,041,387,200	33,356	3.70
2018	64,260	25,282	2,203,411,140	34,289	3.30

¹ City of Pflugerville Planning Department.

² Pflugerville Independent School District.

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

⁴ 2009-2010 Personal Income per capita from the 2005-2009 U.S. Census Bureau Demographic Profile.

2011 Personal Income per capita from the 2006-2010 U.S. Census Bureau Demographic Profile.

2012 Personal Income per capita from the 2007-2011 U.S. Census Bureau Demographic Profile.

2013 Personal Income per capita from the 2008-2012 U.S. Census Bureau Demographic Profile.

2014 Personal Income per capita from the 2009-2013 U.S. Census Bureau Demographic Profile.

2015 Personal Income per capita from the 2010-2014 U.S. Census Bureau Demographic Profile.

2016 Personal Income per capita from the 2011-2015 U.S. Census Bureau Demographic Profile.

2017 Personal Income per capita from the 2012-2016 U.S. Census Bureau Demographic Profile.

2018 Personal Income per capita from the 2013-2017 U.S. Census Bureau Demographic Profile.

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

**City of Pflugerville
Principal Employers
Current Year and Nine Years Ago**

2018		2009	
Employers	Employees	Employers	Employees
Pflugerville ISD	1,542	Pflugerville ISD	1,351
City of Pflugerville	386	Wal-Mart	325
Wal-Mart	275	City of Pflugerville	278
Mtech	268	Austin Foam Plastics	250
Cash Construction Co.	250	HEB Grocery Co.	200
HEB Grocery Co.	225	Target	200
Costco	200	Home Depot	125
Target	200	Pflugerville Care Center	75
Flextronics	195	CoCom	70
Avant Technologies	155	Best Buy	65
Total	3,696	Total	2,939

Source:
Pflugerville Community Development Corporation

City of Pflugerville
Water and Wastewater Customers by Type
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Water Customers</u>				<u>Wastewater Customers</u>			
	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2009	11,281	317	133	11,731	12,436	190	44	12,670
2010	11,695	323	136	12,154	12,835	195	46	13,076
2011	12,154	347	139	12,640	13,315	205	47	13,567
2012	12,698	375	140	13,213	13,854	214	47	14,115
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

Source: Utility Billing Department

City of Pflugerville
Full Time Equivalent Employees by Function
Last Ten Fiscal Years

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Administration	22.5	21.5	21	23	23.5	23.5	24.5	24.5	28.5	27.5
Animal Welfare Services ¹	-	-	-	-	-	-	-	-	10	10
Building Inspection	8	8	6	6	6	4	5	5	5	5
Development Services Admin ²	-	-	-	-	-	5	5	4	3	3
Engineering	6	6	6	7	7	7	11	13	14	13
Fleet	3	3.5	3	3	3	3	3.5	3.5	3.5	3.5
Information Technology ³	-	-	-	-	-	-	-	-	-	6
Library	12	12.2	12	11	15	15	18	18	19	20
Municipal Court	5	5	5.5	5.5	6	6	5.5	5.5	5.5	5.5
Parks & Recreation										
Full Time	31.5	31.5	31.5	30	32	31.5	26.5	26.5	27.5	31.5
Seasonal	28.75	28.75	28.75	32	31.38	32	31.25	31.25	31.25	31
Planning & Development	7.4	7.5	7	6	7	6.5	6.5	7.5	9.5	8.5
Police Services										
Officers	87.5	92.5	94	96	98.5	100.5	105.5	108.5	110	111
Civilians	23.5	24.5	25	24	27.5	30.5	37.5	42	38.5	38
Streets	21	21	21	21	21	22	31	29	28	28
Water	18	18.75	19.5	20	21	23	24.5	27.5	27.5	31.25
Wastewater	18.5	18.75	19.5	20	21	24	25.5	26.5	26.5	29.25
Total Employees	292.65	299.45	299.75	304.50	319.88	333.50	360.75	372.25	387.25	402.00

¹ Previously a function of the Police Department

² New function in FY 2014

³ Previously budgeted in the Administration Department

Source: City of Pflugerville Budget

City of Pflugerville
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Animal Welfare Services										
Animals Taken Into Shelter ¹	-	708	714	955	792	1,098	1,077	892	791	989
Building Inspection										
Residential Permits	386	379	460	524	650	826	974	953	1,048	1,307
Commercial Permits	45	32	28	31	34	49	38	75	39	149
Inspections Performed	13,802	13,552	14,354	17,905	20,165	25,018	29,915	36,670	35,692	39,350
Engineering										
Construction Plans Reviewed	15	10	8	18	25	36	37	33	35	35
Construction Inspections	11,700	9,040	10,080	9,721	15,000	13,024	23,804	26,982	25,300	32,054
Fleet										
Vehicle Inspections	130	116	145	118	160	117	191	192	229	240
Library										
Library Visits (000) ²	162	165	172	199	295	444	323	209	220	231
Items Circulated (000)	253	283	294	326	358	400	394	391	391	380
Municipal Court										
Cases Filed	16,172	13,988	15,225	16,115	13,605	11,615	11,509	12,642	9,717	6,748
Warrants Issued	5,658	5,926	5,033	3,711	4,414	3,849	5,494	6,242	4,235	1,377
Parks & Recreation										
Recreation Center Members ³	1,657	1,710	1,770	1,309	1,336	1,246	1,309	1,067	1,058	1,209
Facilities Reservations	525	525	540	633	736	629	798	911	456	413
Recreation Program Participants	2,629	2,670	2,596	2,633	2,809	2,555	3,131	3,056	4,138	4,468

¹ Data not available prior to 2010.

² Physical & virtual library visits

³ Families are counted as one member.

Operating Indicators by Function (continued)

Function	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Planning & Development										
Single Family Lots Reviewed	230	2,445	822	577	4,005	1,877	2,151	3,000	2,304	2,656
Subdivision Plat Applications	21	17	15	24	40	51	66	69	50	53
Zoning Applications	16	10	10	4	10	9	14	10	8	14
Police Services										
Citations Issued	14,527	12,367	13,563	14,597	12,002	10,284	10,292	11,525	9,269	4,467
Arrests										
Felony	242	255	295	200	309	286	436	475	538	440
Misdemeanor	2,856	2,453	2,164	1,126	663	626	690	3,019	2,525	1,512
Calls for Service	55,032	60,746	67,003	74,391	68,518	62,790	62,360	55,634	48,576	54,183
Streets										
Miles of Streets Maintained	181	183	195	195	197	206	213	218	221	221
Water										
New Connections	442	424	433	538	631	556	1,009	908	965	848
Water Main Breaks Repaired	4	3	3	8	8	8	9	3	4	5
Average Daily Usage (MGD)	5.42	5.29	6.63	5.85	6.02	6.10	6.59	6.84	6.69	7.49
Wastewater										
Average Daily Flow (MGD)	2.94	3.71	3.15	3.11	2.90	3.50	4.05	4.49	4.18	4.32
Wastewater Treated (MG)	1,072	1,351	1,198	1,136	1,060	1,200	1,478	1,638	1,525	1,576
Blockages Cleared	95	76	67	81	102	110	87	77	66	116

Sources: Various government departments

City of Pflugerville
Capital Assets by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Fleet										
Fleet Vehicles	160	167	163	171	172	181	187	197	222	235
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Library (sq ft)	12,500	12,500	12,500	12,500	28,000	28,000	28,000	28,000	28,000	28,000
Books (000)	56	60	64	59	61	66	68	68	70	70
Parks & Recreation										
Parks	31	31	32	34	35	36	36	36	36	37
Park Acreage	520	617	674	688	709	733	737	737	737	737
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	25	27	29	31	31	31	31	31	45	45
Police Services										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (miles)	181	183	195	195	197	206	213	218	221	224
Traffic Signals	8	8	9	9	9	10	11	11	13	15
Water										
Surface Water Treatment Plan Capacity (MGD)	1	1	1	1	1	1	1	1	1	1
Surface Water Reservoir (acre)	15.5	15.5	15.5	15.5	15.5	20.6	20.6	20.6	20.6	20.6
Water lines (miles)	180	180	180	180	180	180	180	180	180	180
Wells in Operation	165	168	177	181	200	211	224	238	245	265
Wastewater	3	3	3	3	3	3	3	3	3	3
Wastewater lines (miles)	142	180	184.3	188	191	202	216	226	231	240
Wastewater Treatment Plants Capacity (MGD)	2	2	2	2	2	2	2	2	2	2
	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6

Sources: Various government departments.