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**PFLUGERVILLE**  
TEXAS



**Pflugerville Comprehensive  
Annual Financial Report**  
Fiscal Year Ended September 30, 2020





**CITY OF PFLUGERVILLE, TEXAS COMPREHENSIVE  
ANNUAL FINANCIAL REPORT YEAR ENDED  
SEPTEMBER 30, 2020**

**Prepared by: Department of Finance**



**CITY OF PFLUGERVILLE, TEXAS**

SEPTEMBER 30, 2020

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## **INTRODUCTORY SECTION**





April 13, 2021

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, 2020, including the independent auditor's report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2020.

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, 2020. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

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

### ***Profile of the City***

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. This location places the City of Pflugerville within three hours driving time of ninety percent of the population of the State of Texas. As with much of the Central Texas region, the population of Pflugerville continues to grow. For fiscal year 2020, the City's Planning Department has estimated a total population of 74,000. This growth is expected to continue, although the pace may be slowing slightly.

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

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

The City of Pflugerville became a home rule city in 1993 and operates under the council-manager form of government. Policy-making and legislative authority 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. The legal level of budgetary control is at the department level.

### ***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. A 27-acre industrial campus is now complete and provides roughly 350,000 square feet of Class A industrial space at the intersection of Heatherwilde Blvd and State Highway 45. Several office condo buildings are also under construction with more in development review.

An 820,000 square foot Amazon Distribution Center was announced in 2020, which will be operational in 2021 and will employ 1,000 full-time workers. Other projects under construction include several office condo buildings and a new multi-use development located in the Pecan District.

### ***Long-term financial planning***

At the end of fiscal year 2020, the unassigned fund balance in the general fund was 54.6% of total general fund operating expenditures for the year. This percentage meets the policy guidelines set by the Council for budgetary and planning purposes that require at least 25% of total general fund expenditures. Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to 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 City is currently in the process of drafting the Pflugerville 2040 Comprehensive Plan. In September 2020, City Council selected the Comprehensive Plan Advisory Committee, which is tasked to partner with the City and the consultant to create the City's 2040 Comprehensive Plan. The Aspire Pflugerville 2040 Comprehensive Plan will outline where Pflugerville is today and aspires to be by the year 2040. The group will meet through August 2021 with regular updates to the City Council to provide reports and status on their efforts.

### ***COVID-19 – Impacts and Challenges***

The COVID-19 coronavirus pandemic has become a worldwide health event, requiring disruptive changes to all aspects of our lives. The City of Pflugerville's official response to COVID-19 began in mid-March when the Mayor declared a public health emergency and City facility closures began. The Governor issued a disaster proclamation for all counties in Texas on March 13, 2020, an order that was most recently renewed on June 11, 2020.

While City facilities are closed to public visits, many City services have continued through online and other remote options. Parks and Recreation and the Library have continued programs by offering alternative opportunities such as online story time, a virtual recreation center, and curbside checkout of Library materials. The City of Pflugerville does not provide public health services; therefore, much of the health-related response has been coordinated by Travis County, the primary county in which the City resides.

The economic impact of the pandemic to the City has been manageable thus far. While a study completed in April estimated that 15% of the businesses in the City were closed at that time, the City's monthly sales tax receipts have continued to exceed FY2019's monthly sales tax revenue. Through July, sales tax collections reflect a stability in internet purchases and food establishments due to our residents staying within Pflugerville. In addition, construction materials related to a large commercial development have contributed to year-over-year growth.

### ***Major initiatives***

Through these challenging times, the City has continued to experience rapid population growth and a strong economy as evidenced by the increase in property values, continued residential construction, and expansion of commercial business development.

According to the U.S. Census, the City's population increased from 48,370 in 2010 to an estimated 65,380 (35%) in 2019. The City's Planning Department currently approximates the population at 72,800 and anticipates continuing growth with a projected population between 88,700 and 94,200 by 2025. This growth is reflective of the population increase seen in the entire Central Texas (Austin-Round Rock MSA) region and by the amount of housing currently under development in Pflugerville.



### ***Major initiatives (continued)***

In February 2020, construction began on a 3.8 million square foot logistics and distribution center on East Pecan Street, west of State Highway 130. The four and a half story facility will include warehouse and office space. An adjacent 150-acre property was rezoned in June to an urban district zoning allowing for a mix of residential and commercial spaces. On the west side of the City, the Pecan District continues construction on the first phase of a multi-phase, multi-use development. In Stone Hill Town Center, construction has begun on two hotels, while several infill commercial sites are nearing completion. Residential and commercial construction continues throughout the City.

### ***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 for the fiscal year ended September 30, 2019. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Comprehensive Annual Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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, 2019. To apply for the PAFR, the City must first have received the Certificate Achievement for Excellence in Financial Reporting.

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2019. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

The 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, Deputy 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,

Melissa Moore  
Finance Director



Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Pflugerville  
Texas**

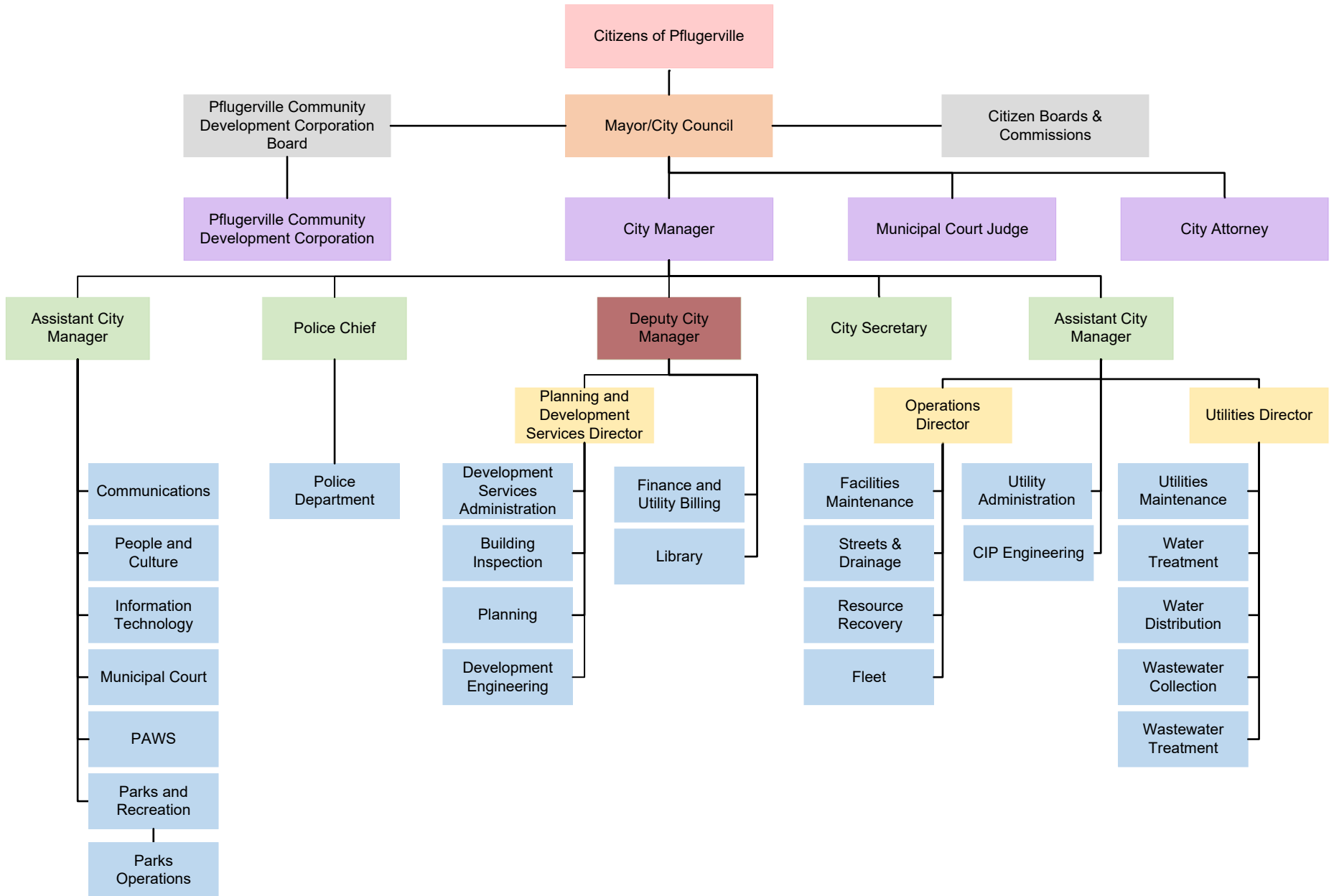
For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

# City of Pflugerville, Texas Organizational Chart



City of Pflugerville, Texas  
List of Elected and Appointed Officials  
as of September 30, 2020

**Elected Officials**

**City Council  
Three-Year Terms**

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Victor Gonzales, Mayor	November 2022
Omar Peña, Mayor Pro Tem, Place 3	November 2021
Doug Weiss, Place 1	November 2022
Jeff Marsh, Place 2	November 2020
Rudy Metayer, Place 4	November 2020
Mike Heath, Place 5	November 2021
Jim McDonald, Place 6	November 2020

**City Staff**

<b><u>Position</u></b>	<b><u>Name</u></b>
City Manager	Sereniah Breland
Deputy City Manager	Trey Fletcher
Assistant City Manager	Amy Giannini
Assistant City Manager	James Hartshorn
Police Chief	Jessica Robledo
City Secretary	Karen Thompson
Communications Director	Terri Toledo





## **FINANCIAL SECTION**





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## INDEPENDENT AUDITOR'S REPORT

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, 2020, 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.

### *Auditor's Responsibility*

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

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

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

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### 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, 2020, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **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, Schedule of Expenditures of Federal Awards, as required by *Title 2 U.S. Code of Federal Regulations, Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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 April [REDACTED], 2021, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is 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's internal control over financial reporting and compliance.

Waco, Texas  
April [REDACTED], 2021





## **City of Pflugerville, Texas Management's Discussion and Analysis**

As management of the City of Pflugerville, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2020. 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 i - iv of this report.

### **Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2020, by \$293,676,948 (net position). Of this amount, \$29,490,228 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$48,969,618, a decrease of \$154,970 in comparison with the prior year. While operating revenues increased, the City spent down existing bond funds resulting in a decrease in total fund balance.
- At the end of the 2019-2020 fiscal year, unassigned fund balance for the general fund was \$21,193,024 or 54.6% of general fund operating expenditures. The City Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2020 that amount was \$9.7 million.
- The City's total bonded debt decreased by \$9,378,280 (3.3%) during the current fiscal year as a result of current debt payments.

### **Overview of the Financial Statements**

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

### **Government-wide Financial Statements**

The government-wide financial statements report information about the City as a whole, using accounting methods similar to those used by private-sector companies.

The *statement of net position* presents information on all the City's assets and deferred outflows of resources less liabilities and deferred inflows of resources to arrive at net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial situation of the City is improving or deteriorating. To assess the overall health of the City, one needs to consider other non-financial factors such as changes in the City's property tax base and the condition of the City's infrastructure.

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

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

The government-wide financial statements can be found on pages 13-16 of this report.

## **Fund Financial Statements**

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 17-22 of this report.

**Proprietary Funds** – Services for which the City charges fees and rates that intend to fully recover the cost of providing the service are reported in proprietary funds. Two types of proprietary funds are allowed in governmental accounting: enterprise funds and internal service funds. These funds, like the government-wide statements, provide both long-term and short-term financial information. The City has only one 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 23-27 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 28-55.

**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 56-60.

## Financial Analysis of the City as a Whole

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 64,559,888	\$ 62,747,001	\$ 52,044,387	\$ 70,533,153	\$ 116,604,275	\$ 133,280,154
Capital assets	259,020,792	256,752,048	220,101,555	187,161,446	479,122,347	443,913,494
Total assets	<u>323,580,680</u>	<u>319,499,049</u>	<u>272,145,942</u>	<u>257,694,599</u>	<u>595,726,622</u>	<u>577,193,648</u>
Deferred outflow s	<u>6,818,093</u>	<u>9,085,839</u>	<u>3,873,200</u>	<u>4,314,039</u>	<u>10,691,293</u>	<u>13,399,878</u>
Long-term liabilities	175,167,325	184,748,879	109,720,888	113,609,540	284,888,213	298,358,419
Other liabilities	12,441,390	13,943,850	12,678,093	4,211,273	25,119,483	18,155,123
Total liabilities	<u>187,608,715</u>	<u>198,692,729</u>	<u>122,398,981</u>	<u>117,820,813</u>	<u>310,007,696</u>	<u>316,513,542</u>
Deferred inflow s	<u>2,430,310</u>	<u>202,020</u>	<u>302,961</u>	<u>30,214</u>	<u>2,733,271</u>	<u>232,234</u>
Net Position:						
Net investment in capital assets	118,439,370	115,321,957	120,254,280	107,130,898	238,693,650	222,452,855
Restricted	5,601,443	4,291,525	19,891,627	15,194,665	25,493,070	19,486,190
Unrestricted	<u>16,318,935</u>	<u>10,076,657</u>	<u>13,171,293</u>	<u>21,832,048</u>	<u>29,490,228</u>	<u>31,908,705</u>
Total Net Position	<u>\$ 140,359,748</u>	<u>\$ 129,690,139</u>	<u>\$ 153,317,200</u>	<u>\$ 144,157,611</u>	<u>\$ 293,676,948</u>	<u>\$ 273,847,750</u>

### City of Pflugerville - Net Position

- A portion of the City's net position, \$25,493,070 (8.7%), represents resources that are subject to external restriction on how they may be used. The unrestricted net position, \$29,490,228 (10.0%), may be used to meet the City's ongoing obligations to citizens and creditors.
- Capital assets increased in the governmental activities due to completed and ongoing capital projects as well as a land purchase. Long-term debt decreased as a result of current debt payments. Net position in the governmental activities increased primarily due to an increase in property and sales tax revenues.
- Current assets and long-term liabilities decreased in the business-type activities reflecting a decrease in cash and investments and payment of current debt obligations.
- At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2020.

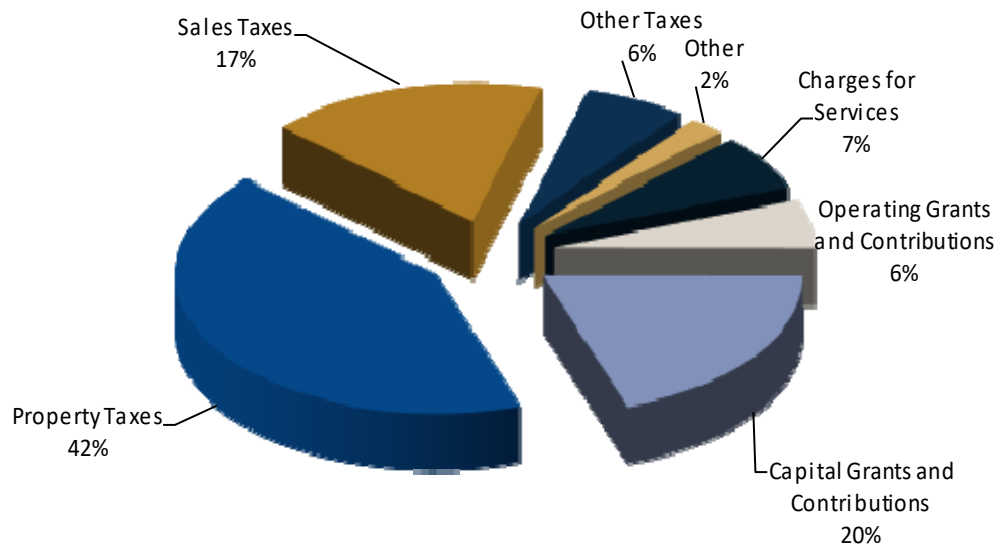
**City of Pflugerville - Changes in Net Position**

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
<b>Revenues:</b>						
Program revenues:						
Charges for services	\$ 4,754,470	\$ 5,549,615	\$ 35,260,752	\$ 31,533,181	\$ 40,015,222	\$ 37,082,796
Operating grants and contributions	4,257,314	643,597	-	-	4,257,314	643,597
Capital grants and contributions	14,356,994	14,631,476	9,785,344	10,549,604	24,142,338	25,181,080
General revenues:						
Property taxes	30,820,419	27,978,714	-	-	30,820,419	27,978,714
Other taxes	17,220,667	15,261,987	-	-	17,220,667	15,261,987
Other	1,567,660	2,176,016	819,569	1,596,458	2,387,229	3,772,474
Total revenues	<u>72,977,524</u>	<u>66,241,405</u>	<u>45,865,665</u>	<u>43,679,243</u>	<u>118,843,189</u>	<u>109,920,648</u>
<b>Expenses:</b>						
General government	10,380,450	10,334,226	-	-	10,380,450	10,334,226
Public safety	16,333,177	18,249,987	-	-	16,333,177	18,249,987
Public works and streets	24,140,755	20,644,336	-	-	24,140,755	20,644,336
Culture and recreation	6,340,215	6,601,853	-	-	6,340,215	6,601,853
Interest on long-term debt	6,153,812	6,037,591	-	-	6,153,812	6,037,591
Water and wastewater	-	-	29,867,821	27,359,843	29,867,821	27,359,843
Solid waste	-	-	5,797,761	5,093,945	5,797,761	5,093,945
Total expenses	<u>63,348,409</u>	<u>61,867,993</u>	<u>35,665,582</u>	<u>32,453,788</u>	<u>99,013,991</u>	<u>94,321,781</u>
Increases in net position before transfers	9,629,115	4,373,412	10,200,083	11,225,455	19,829,198	15,598,867
Transfers	<u>1,040,494</u>	<u>777,858</u>	<u>( 1,040,494)</u>	<u>( 777,858)</u>	<u>-</u>	<u>-</u>
Change in net position	10,669,609	5,151,270	9,159,589	10,447,597	19,829,198	15,598,867
Net position, beginning	<u>129,690,139</u>	<u>124,538,869</u>	<u>144,157,611</u>	<u>133,710,014</u>	<u>273,847,750</u>	<u>258,248,883</u>
Net position, ending	<u>\$ 140,359,748</u>	<u>\$ 129,690,139</u>	<u>\$ 153,317,200</u>	<u>\$ 144,157,611</u>	<u>\$ 293,676,948</u>	<u>\$ 273,847,750</u>

**Revenues**

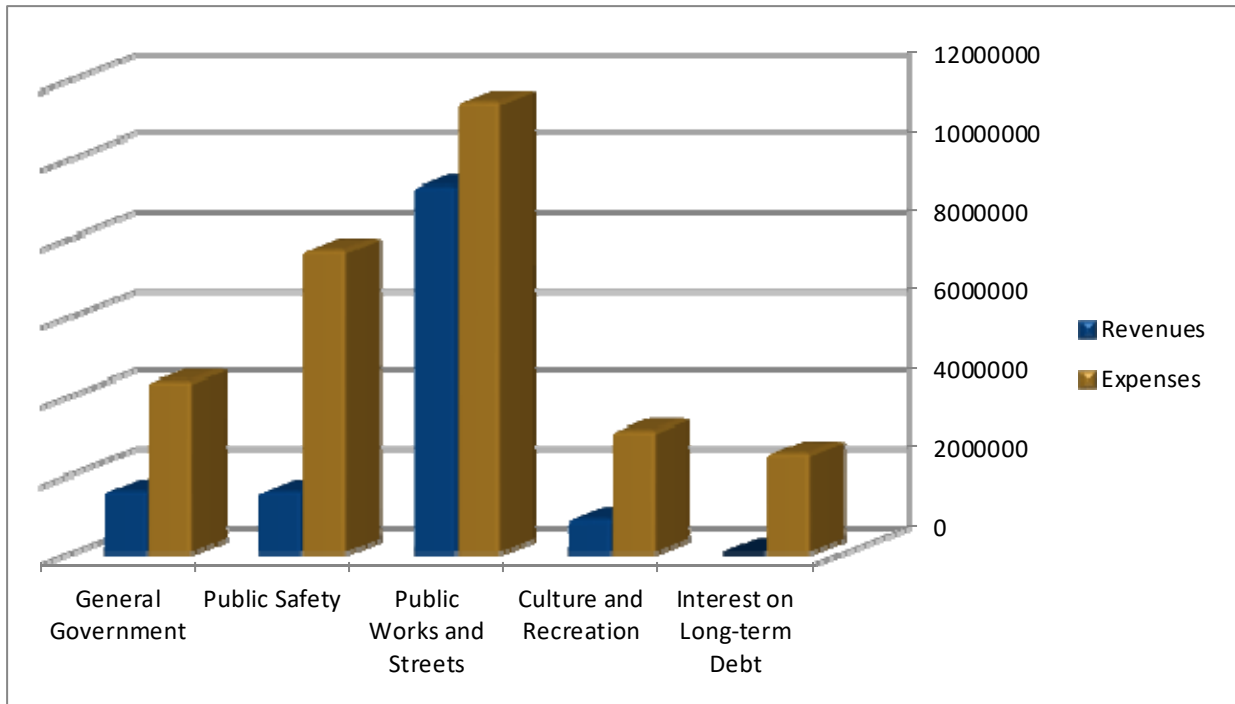
- Property tax revenue, including penalties and interest, increased 10.2% (\$2,841,705) during this fiscal year. This was due to an increase in appraised value on new and existing property in the City.
- Property tax revenue accounts for 42.2% of total revenues for governmental activities.
- Assessed valuations increased for the fiscal year by over \$572 million.
- The ad valorem tax rate for fiscal year 2020 was \$0.4976 per \$100 of assessed valuation. This was the same as the prior year rate.
- Sales tax revenue was \$12.6 million for fiscal year 2020, an increase of 14.5% over the prior year. Sales tax revenue constitutes 17% of the total revenue for governmental activities.
- Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled \$4.6 million.

- Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business-type activities is described below.
  - **Governmental activities program revenue** was \$23.4 million. Capital grants and contributions such as infrastructure from developers are the largest components of this revenue category. A portion, \$4.8 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 \$45 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 \$9.8 million of revenue during fiscal year 2020.



## Expenses and Program Revenues

**Governmental activities.** The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled \$19,139,376. Removing depreciation expense, the operating expenditures for governmental activities increased slightly by 1.85% in fiscal year 2020. Most of the departments saw cost decreases, however increased street maintenance and repairs attributed to the overall increase. Program revenues increased 12.2% over the prior year. Charges for services decreased because of the Stay-at-Home Order. However, the City received CARES Act funding that comprised most of the increase.



**Business-type activities.** Business-type activities increased the City's net position by \$9.2 million. This increase in net position was composed primarily of increased water and wastewater due to growth and increased capital contributions (water and wastewater infrastructure donations) from developers. Charges for services for business-type activities increased 11.8% during fiscal year 2020 due to growth within the City.

## Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$48,969,618, a decrease of \$154,970 in comparison with the fiscal year beginning fund balance. While operating revenues increased, the City spent down existing bond funds resulting in a decrease in total fund balance. Approximately 43% of this total amount (\$21.1 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. The remainder of fund balance is restricted or committed to indicate that it is not available for new spending because it has already been designated for a specific purpose. Funds have been restricted, by law or outside sources, to pay for capital projects (\$19,379,926); debt service (\$3,956,733); and specific programs in the special revenue fund (\$2,477,377).

In addition, funds have been committed by the City Council to pay for specific programs in the special revenue fund (\$73,726) and (\$1,946,000) for the subsequent year's budget.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$21,193,024. 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 54.6% of total general fund expenditures.

The fund balance of the City's general fund increased by \$3,479,116 during fiscal year 2020. General fund property tax revenue increased 6.3% from fiscal year 2019 due to higher average residential value within the City and growth from new construction. Sales tax revenue increased 18.1% during fiscal 2020 to \$13 million as new retail continues to develop within the City.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to be expended for specified purposes. These include funds received from various federal and State of Texas agencies for the City's equitable share of proceeds from seized and forfeited property; fees for child safety; fees for training and technology; fees for Public, Educational, and Governmental (PEG) access channels; hotel occupancy tax (HOT) received; property tax received from a Tax Increment Reinvestment Zone (TIRZ), and reimbursements for the Community Development Block Grant (CDBG). The largest portion of revenues from this fund comes from property taxes received from the TIRZ. The largest portion of expenditures from this fund comes from CDBG-related expenditures.

Special revenue funds were also spent on equipment for the police department, school crossing guard services, upgrading PFTV media equipment and street improvements approved through CDBG. Transfers to debt service for TIRZ contractual obligations are also included. The increase in fund balance is due a reduction in activity related to the COVID 19 Pandemic.

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, 2020, this fund had a total balance of \$3,956,733. The increase in this fund balance was due to a decrease in the full year of debt service issuance costs as 2019 included costs for the issuance of refunding bonds.

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 Pecan Street Intersection improvements, subdivision streets reconstruction, and park development including Wilbarger Creek Park and Stone Hill Splashpad.

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

Unrestricted net position of the utility fund at the end of the year amounted to \$13,171,293. The total growth in net position was \$9,159,589. This increase in net position was composed primarily of increased revenues in water and wastewater sales due to growth and increased demand.

### **General Fund Budgetary Highlights**

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

The City approved multiple sets of general fund budget amendments during the fiscal year 2020. These amendments increased the overall budgeted expenditures by \$2,777,836 from the original budget, an increase of 6.6%. This increase was offset by various revenues received in excess of the original budget, including a transfer from fund balance, grants, and development revenues.

### **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, 2020, amounts to \$479,122,347, 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 was completed on the Pecan Street at Biltmore Avenue improvements project, the El Malino Drive and Bellemeade Boulevard project, and the subdivision streets reconstruction.
- Construction continued on Wilbarger Creek Park and Stone Hill Splash Pad.
- Construction was completed on the Swenson Farms Pressure Reducing Valves.
- Construction work continues on the West SH130 Interceptor and the Central Wastewater Treatment Plant Capacity Expansion.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Land	\$ 13,983,390	\$ 13,181,004	\$ 8,289,161	\$ 8,289,161	\$ 22,272,551	\$ 21,470,165
Service rights	-	-	250,000	250,000	250,000	250,000
Buildings and improvements	35,885,274	39,995,480	8,405,960	8,920,737	44,291,234	48,916,217
Machinery and equipment	5,696,240	5,935,252	1,649,035	1,376,117	7,345,275	7,311,369
Software	888,783	962,848	-	-	888,783	962,848
Infrastructure	195,464,010	193,003,849	161,160,396	159,970,146	356,624,406	352,973,995
Construction in progress	7,103,095	3,673,615	40,347,003	8,355,285	47,450,098	12,028,900
Total capital assets	<u>\$ 259,020,792</u>	<u>\$ 256,752,048</u>	<u>\$ 220,101,555</u>	<u>\$ 187,161,446</u>	<u>\$ 479,122,347</u>	<u>\$ 443,913,494</u>

The City's financial policies mandate maintenance and repair of the City's capital assets and infrastructure. The City budgets for ongoing street maintenance projects in addition to staff costs and other maintenance costs of the street department. Water and wastewater infrastructure maintenance is budgeted within the utility fund.

Additional information on the City's capital assets can be found in Note VI to the financial statements.

**Long-term Debt.** At September 30, 2020, the City had total bonded debt outstanding of \$250,060,000 secured by the full faith and credit of the City. Of this amount, \$64,007,999 represents General Obligation bonds approved by a vote of the citizens. The remainder represents Certifications of Obligation and limited refunding bonds that support both governmental and business-type (utility) activities.

	Governmental Activities		Business-type Activities		Totals	
	2020	2019	2020	2019	2020	2019
Limited tax bonds	\$ 25,100,000	\$ 25,410,000	\$ -	\$ -	\$ 25,100,000	\$ 25,410,000
Limited tax refunding bonds	21,985,948	24,290,397	47,819,052	49,949,603	69,805,000	74,240,000
Limited tax and refunding bonds	63,012,345	64,145,195	7,797,655	8,259,805	70,810,000	72,405,000
Certificates of obligation	41,584,000	43,087,250	42,761,000	43,427,750	84,345,000	86,515,000
Total	<u>\$ 151,682,293</u>	<u>\$ 156,932,842</u>	<u>\$ 98,377,707</u>	<u>\$ 101,637,158</u>	<u>\$ 250,060,000</u>	<u>\$ 258,570,000</u>

The City's total debt outstanding decreased by \$8,510,000 (3.3%) during the current fiscal year as a result of current debt payments.

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's 2020 debt levy equaled \$0.1872 per \$100 assessed valuation, or 12.5% of the maximum allowed.

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

## **Economic Factors and Next Year's Budget and Rates**

Through these challenging times, the City has continued to experience rapid population growth and a strong economy as evidenced by the increase in property values, continued residential construction, and expansion of commercial business development. According to the U.S. Census, the City's population increased from 48,370 in 2010 to an estimated 65,380 (35%) in 2019. The City's Planning Department currently approximates the population at 72,800 and anticipates continuing growth with a projected population between 88,700 and 94,200 by 2025. This growth is reflective of the population increase seen in the entire Central Texas (Austin/Round Rock MSA) region and by the amount of housing currently under development in Pflugerville.

In February 2020, construction began on a 3.8 million square foot logistics and distribution center on East Pecan Street, west of State Highway 130. The four and a half story facility will include warehouse and office space. An adjacent 150-acre property was rezoned in June to an urban district zoning allowing for a mix of residential and commercial spaces. On the west side of the City, the Pecan District continues construction on the first phase of a multi-phase, multi-use development. In Stone Hill Town Center, construction has begun on two hotels, while several infill commercial sites are nearing completion. Residential and commercial construction continues throughout the City.

This construction and new development have generated an increase in appraised property values. The City's appraised value for FY21 (tax year 2020) increased by 7.1% over the prior year to \$6.64 billion, as determined by the Travis and Williamson Central Appraisal Districts. For FY21, the average residential taxable value is \$258,167, an increase of 1% over the prior year.

A growing population and increasing development pressures have also highlighted the need for critical utility projects necessary to serve customers resulting from future development. The recently completed water and wastewater master plans identify and evaluate those critical projects and have guided the capital improvement program outlined for those utility systems.

The budgeting process focused on lean government operations ahead of recently ratified state legislation that constrains property and franchise tax revenues. The FY21 budget includes an ad valorem property tax rate of \$0.4863 per \$100 in valuation, based on a 3.5% increase in the operations rate and is a decrease from the prior year's adopted rate of \$0.4976. However, due to the continued growth in the City, the approved property tax rate provides funding for \$19.5 million of the general fund budget, an increase of 8% over the prior year.

## **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](http://www.pflugervilletx.gov)  
[finance@pflugervilletx.gov](mailto:finance@pflugervilletx.gov)



## **BASIC FINANCIAL STATEMENTS**

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 32,006,867	\$ 12,555,615	\$ 44,562,482	\$ 11,566,268
Receivables (net of allowance)	7,483,814	4,971,774	12,455,588	1,182,267
Internal balances	578,288	( 578,288)	-	-
Due from component unit	32,616	-	32,616	-
Restricted assets:				
Restricted cash and investments	24,458,303	35,095,286	59,553,589	-
Investment in direct financing lease	-	-	-	21,850,000
Capital assets, not being depreciated:				
Land	13,983,390	8,289,161	22,272,551	3,722,742
Service rights	-	250,000	250,000	-
Construction in progress	7,103,095	40,347,003	47,450,098	-
Capital assets, net of depreciation:				
Buildings and improvements	35,885,274	8,405,960	44,291,234	150,781
Machinery and equipment	5,696,240	1,649,035	7,345,275	53,230
Software	888,783	-	888,783	-
Infrastructure and system	195,464,010	161,160,396	356,624,406	-
Total assets	<u>323,580,680</u>	<u>272,145,942</u>	<u>595,726,622</u>	<u>38,525,288</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions	2,377,010	449,337	2,826,347	-
Related to OPEB - retiree health plan	229,546	37,886	267,432	-
Related to OPEB - TMRS supplemental death benefit	150,594	23,739	174,333	-
Deferred charge on refunding	4,060,943	3,362,238	7,423,181	-
Total deferred outflows of resources	<u>6,818,093</u>	<u>3,873,200</u>	<u>10,691,293</u>	<u>-</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION

SEPTEMBER 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>LIABILITIES</b>				
Accounts payable	\$ 3,737,432	\$ 11,418,449	\$ 15,155,881	\$ 25,126
Wages payable	581,842	94,218	676,060	-
Due to primary government	-	-	-	32,616
Customer deposits and escrow payable	7,096,431	418,154	7,514,585	-
Accrued interest payable	1,025,685	747,272	1,772,957	442,695
Noncurrent liabilities:				
Due within one year:				
Long-term debt	5,780,255	3,599,608	9,379,863	835,000
Total OPEB liability - retiree health plan	17,685	3,440	21,125	-
Total OPEB liability - supplemental death benefit	3,374	656	4,030	-
Due in more than one year:				
Long-term debt	159,140,158	104,128,689	263,268,847	21,620,000
Net pension liability	8,157,764	1,586,340	9,744,104	-
Total OPEB liability - retiree health plan	1,383,409	269,013	1,652,422	-
Total OPEB liability - supplemental death benefit	684,680	133,142	817,822	-
Total liabilities	<u>187,608,715</u>	<u>122,398,981</u>	<u>310,007,696</u>	<u>22,955,437</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions	2,298,154	277,563	2,575,717	-
Related to OPEB - TMRS supplemental death benefit	36,816	7,159	43,975	-
Related to OPEB - retiree health plan	95,340	18,239	113,579	-
Total deferred inflows of resources	<u>2,430,310</u>	<u>302,961</u>	<u>2,733,271</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	118,439,370	120,254,280	238,693,650	3,926,753
Restricted for capital projects	-	19,891,627	19,891,627	-
Restricted for specific programs	2,477,377	-	2,477,377	-
Restricted for debt service	3,124,066	-	3,124,066	-
Restricted for economic development	-	-	-	11,643,098
Unrestricted	<u>16,318,935</u>	<u>13,171,293</u>	<u>29,490,228</u>	<u>-</u>
Total net position	<u>\$ 140,359,748</u>	<u>\$ 153,317,200</u>	<u>\$ 293,676,948</u>	<u>\$ 15,569,851</u>

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 10,380,450	\$ 4,026,083	\$ 528,096	\$ -
Public safety	16,333,177	544,821	3,597,412	-
Public works and streets	24,140,755	-	-	14,356,994
Culture and recreation	6,340,215	183,566	131,806	-
Interest and fiscal charges	6,153,812	-	-	-
Total governmental activities	<u>63,348,409</u>	<u>4,754,470</u>	<u>4,257,314</u>	<u>14,356,994</u>
Business-type activities:				
Water and wastewater	29,867,821	29,213,952	-	9,785,344
Solid waste	5,797,761	6,046,800	-	-
Total business-type activities	<u>35,665,582</u>	<u>35,260,752</u>	<u>-</u>	<u>9,785,344</u>
Total primary government	<u>\$ 99,013,991</u>	<u>\$ 40,015,222</u>	<u>\$ 4,257,314</u>	<u>\$ 24,142,338</u>
<b>Component unit</b>				
Pflugerville Community Development Corporation	\$ 3,481,198	\$ -	\$ -	\$ -

**General revenues:**

Taxes:

Property

Sales

Franchise

Mixed beverage

Hotel

Unrestricted investment income

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

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
\$( 5,826,271)	\$ -	\$( 5,826,271)	
( 12,190,944)	-	( 12,190,944)	
( 9,783,761)	-	( 9,783,761)	
( 6,024,843)	-	( 6,024,843)	
( 6,153,812)	-	( 6,153,812)	
<u>( 39,979,631)</u>	<u>-</u>	<u>( 39,979,631)</u>	
-	9,131,475	9,131,475	
-	249,039	249,039	
<u>-</u>	<u>9,380,514</u>	<u>9,380,514</u>	
<u>( 39,979,631)</u>	<u>9,380,514</u>	<u>( 30,599,117)</u>	
			<u>\$( 3,481,198)</u>
30,820,419	-	30,820,419	-
12,640,956	-	12,640,956	6,313,114
4,231,465	-	4,231,465	-
112,943	-	112,943	-
235,303	-	235,303	-
648,228	727,396	1,375,624	90,236
919,432	92,173	1,011,605	-
1,040,494	( 1,040,494)	-	-
<u>50,649,240</u>	<u>( 220,925)</u>	<u>50,428,315</u>	<u>6,403,350</u>
10,669,609	9,159,589	19,829,198	2,922,152
<u>129,690,139</u>	<u>144,157,611</u>	<u>273,847,750</u>	<u>12,647,699</u>
<u>\$ 140,359,748</u>	<u>\$ 153,317,200</u>	<u>\$ 293,676,948</u>	<u>\$ 15,569,851</u>



**CITY OF PFLUGERVILLE, TEXAS**

BALANCE SHEET

GOVERNMENTAL FUNDS

AS OF SEPTEMBER 30, 2020

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
<b>ASSETS</b>					
Cash and investments	\$ 22,028,763	\$ 2,875,674	\$ -	\$ 7,102,430	\$ 32,006,867
Taxes receivable	2,844,250	22,031	193,018	-	3,059,299
Other receivables	4,112,174	274,341	-	38,000	4,424,515
Due from other funds	666,658	24,386	114,508	-	805,552
Due from component unit	32,616	-	-	-	32,616
Restricted investments	-	-	3,847,985	20,610,318	24,458,303
Total assets	<u>29,684,461</u>	<u>3,196,432</u>	<u>4,155,511</u>	<u>27,750,748</u>	<u>64,787,152</u>
<b>LIABILITIES</b>					
Accounts payable	1,849,248	638,854	-	1,249,330	3,737,432
Wages payable	581,842	-	-	-	581,842
Due to other funds	132,800	63,643	5,760	25,061	227,264
Escrow payable	-	-	-	7,096,431	7,096,431
Total liabilities	<u>2,563,890</u>	<u>702,497</u>	<u>5,760</u>	<u>8,370,822</u>	<u>11,642,969</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	344,498	-	193,018	-	537,516
Unavailable revenue - court fines	177,896	-	-	-	177,896
Unavailable revenue - grants	3,459,153	-	-	-	3,459,153
Total deferred inflows of resources	<u>3,981,547</u>	<u>-</u>	<u>193,018</u>	<u>-</u>	<u>4,174,565</u>
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	-	-	3,956,733	-	3,956,733
Capital projects	-	-	-	19,379,926	19,379,926
Specific programs	-	2,477,377	-	-	2,477,377
Committed for:					
Specific programs	-	73,726	-	-	73,726
Subsequent year's budget: appropriation of fund balance	1,946,000	-	-	-	1,946,000
Unassigned	<u>21,193,024</u>	<u>( 57,168)</u>	<u>-</u>	<u>-</u>	<u>21,135,856</u>
Total fund balance	<u>23,139,024</u>	<u>2,493,935</u>	<u>3,956,733</u>	<u>19,379,926</u>	<u>48,969,618</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 29,684,461</u>	<u>\$ 3,196,432</u>	<u>\$ 4,155,511</u>	<u>\$ 27,750,748</u>	<u>\$ 64,787,152</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, 2020

Fund balances of governmental funds	\$ 48,969,618
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.	259,020,792
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 151,682,293)
The total OPEB liability and related deferred inflows and outflows are not included in the fund financial statements.	( 1,841,164)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 898,122)
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.	( 1,025,685)
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.	( 12,339,998)
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.	4,060,943
Included in long-term liabilities is the recognition of the City's net pension liability in the amount of \$8,157,764, a related deferred outflow of resources of \$2,377,010 and a related deferred inflow of resources of \$2,298,154. This results in a decrease in net position.	( 8,078,908)
Receivables from property taxes (\$537,516), fines (\$177,896) and grants (\$3,459,153) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	<u>4,174,565</u>
Net position of governmental activities	<u>\$ 140,359,748</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, 2020**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
<b>REVENUES</b>					
Taxes:					
Property	\$ 18,070,351	\$ 1,593,162	\$ 11,055,313	\$ -	\$ 30,718,826
Sales	12,640,956	-	-	-	12,640,956
Franchise	4,135,959	95,506	-	-	4,231,465
Mixed beverage	112,943	-	-	-	112,943
Hotel	-	235,303	-	-	235,303
Licenses and permits	4,049,908	58,179	-	-	4,108,087
Intergovernmental	1,004,028	397,458	749,438	2,043,961	4,194,885
Fines and forfeitures	416,715	42,966	-	-	459,681
Investment income	303,540	17,058	59,843	267,787	648,228
Charges for services	129,457	-	-	-	129,457
Deutschen Pfest income	-	6,400	-	-	6,400
Miscellaneous	165,477	5,385	-	-	170,862
Total revenues	<u>41,029,334</u>	<u>2,451,417</u>	<u>11,864,594</u>	<u>2,311,748</u>	<u>57,657,093</u>
<b>EXPENDITURES</b>					
Current:					
General government	9,421,217	600,431	-	-	10,021,648
Public safety	14,949,150	135,173	-	-	15,084,323
Public works and streets	7,732,607	-	-	-	7,732,607
Culture and recreation	4,338,378	12,158	-	-	4,350,536
Debt service:					
Agent fees/issuance costs	-	-	5,786	-	5,786
Interest	-	1,837	6,580,660	-	6,582,497
Principal retirement	-	-	5,250,549	-	5,250,549
Capital outlay	2,382,032	552,429	-	7,010,259	9,944,720
Total expenditures	<u>38,823,384</u>	<u>1,302,028</u>	<u>11,836,995</u>	<u>7,010,259</u>	<u>58,972,666</u>
<b>EXCESS (DEFICIENCY) OF OVER (UNDER) EXPENDITURES</b>	<u>2,205,950</u>	<u>1,149,389</u>	<u>27,599</u>	<u>( 4,698,511)</u>	<u>( 1,315,573)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	( 680,142)	-	( 29,006)	( 709,148)
Transfers in	1,153,057	-	596,585	-	1,749,642
Sale of capital assets	68,239	-	-	-	68,239
Insurance recoveries	51,870	-	-	-	51,870
Total other financing sources and uses	<u>1,273,166</u>	<u>( 680,142)</u>	<u>596,585</u>	<u>( 29,006)</u>	<u>1,160,603</u>
<b>NET CHANGE IN FUND BALANCES</b>	3,479,116	469,247	624,184	( 4,727,517)	( 154,970)
<b>FUND BALANCES, BEGINNING</b>	<u>19,659,908</u>	<u>2,024,688</u>	<u>3,332,549</u>	<u>24,107,443</u>	<u>49,124,588</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 23,139,024</u>	<u>\$ 2,493,935</u>	<u>\$ 3,956,733</u>	<u>\$ 19,379,926</u>	<u>\$ 48,969,618</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, 2020

Net change in fund balances - total governmental funds	\$( 154,970)
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.	9,569,281
Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of the loss on capital asset disposals is to decrease net position.	( 83,255)
The City received street infrastructure contributed by developers. These contributions increase net position.	11,922,094
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.	( 19,139,376)
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.	5,250,549
Decreases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	( 176,187)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The decrease in interest accrual increases net position.	108,834
Certain OPEB expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the total OPEB liability were amortized.	( 94,140)
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.	547,394
Deferred amount on bond refunding is capitalized in the government-wide financial statements and amortized over the life of the debt. The net effect is to decrease net position.	( 221,757)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. The net effect is a decrease in net position.	( 220,341)
Revenues from property taxes, fines and grants are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	<u>3,361,483</u>
Change in net position - statement of activities	<u>\$ 10,669,609</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL**

**GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>REVENUES</b>				
Taxes:				
Property	\$ 18,122,507	\$ 18,122,507	\$ 18,070,351	\$( 52,156)
Sales	11,150,000	11,150,000	12,640,956	1,490,956
Franchise	4,100,000	4,100,000	4,135,959	35,959
Mixed beverage	127,000	127,000	112,943	( 14,057)
Licenses and permits	3,000,326	3,035,326	4,049,908	1,014,582
Intergovernmental	785,500	1,523,158	1,004,028	( 519,130)
Fines and forfeitures	717,070	717,070	416,715	( 300,355)
Interest income	500,000	500,000	303,540	( 196,460)
Charges for services	593,850	593,850	129,457	( 464,393)
Miscellaneous	133,300	133,300	165,477	32,177
Total revenues	<u>39,229,553</u>	<u>40,002,211</u>	<u>41,029,334</u>	<u>1,027,123</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Administration	1,212,813	1,212,813	1,354,771	( 141,958)
Legal	457,000	457,000	437,513	19,487
Information technology	1,440,603	1,440,603	1,279,466	161,137
Development services admin	1,018,743	1,018,743	689,961	328,782
Planning	1,876,624	1,876,624	1,232,080	644,544
Court	465,315	465,315	349,326	115,989
Fleet	287,337	287,337	278,151	9,186
City Manager's office	1,661,921	2,427,635	1,679,068	748,567
People & culture	743,805	743,805	551,965	191,840
Finance	1,110,522	1,110,522	944,353	166,169
Fleet	699,634	699,634	624,563	75,071
Public safety:				
Building	731,395	766,395	691,005	75,390
Animal welfare services	794,896	817,192	723,961	93,231
Police	14,053,302	14,288,602	13,534,184	754,418
Public works and streets:				
Development engineering	-	-	31,943	( 31,943)
CIP Engineering	2,682,023	3,152,516	2,297,527	854,989
Streets and drainage	5,266,490	5,266,490	4,587,439	679,051
Resource recovery	441,189	441,189	358,900	82,289
Facilities maintenance	606,837	606,837	456,798	150,039
Culture and recreation:				
Library	1,474,166	1,474,166	1,367,768	106,398
Parks and recreation	2,352,313	2,352,313	1,783,701	568,612
Parks operations	1,505,546	1,577,046	1,186,909	390,137
Capital outlay	<u>1,319,309</u>	<u>2,496,842</u>	<u>2,277,869</u>	<u>218,973</u>
Total expenditures	<u>42,201,783</u>	<u>44,979,619</u>	<u>38,719,221</u>	<u>6,260,398</u>
Expenditures in sub-funds of the General Fund that are not budgeted			<u>104,163</u>	
Total expenditures in the Statement of Revenues, Expenditures and Changes in Fund Balance			<u>\$ 38,823,384</u>	

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

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2020**  
(Continued)

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 2,972,230)</u>	<u>( 4,977,408)</u>	<u>2,310,113</u>	<u>7,287,521</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,461,576	1,461,576	1,153,057	( 308,519)
Fund balance transfer	1,500,000	3,505,178	-	( 3,505,178)
Sale of capital assets	15,000	15,000	68,239	53,239
Insurance recoveries	<u>15,000</u>	<u>15,000</u>	<u>51,870</u>	<u>36,870</u>
Total other financing sources and uses	<u>2,991,576</u>	<u>4,996,754</u>	<u>1,273,166</u>	<u>( 3,723,588)</u>
<b>NET CHANGE IN FUND BALANCE (BUDGETED SUBFUNDS ONLY,</b>	<u>\$ 19,346</u>	<u>\$ 19,346</u>	3,583,279	<u>\$ 3,563,933</u>
<b>Effect of nonbudgeted subfunds - vehicle reserve funds</b>			( 104,163)	
<b>NET CHANGE IN FUND BALANCE (GAAP BASIS)</b>			3,479,116	
<b>FUND BALANCE, BEGINNING</b>			<u>19,659,908</u>	
<b>FUND BALANCE, ENDING</b>			<u>\$ 23,139,024</u>	

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

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2020

	Enterprise Fund <u>Utility</u>
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 12,555,615
Restricted cash and investments	514,826
Accounts receivable, net	<u>4,971,774</u>
Total current assets	<u>18,042,215</u>
Non-current assets:	
Restricted cash and investments:	
Bond accounts	14,688,833
Impact fees	19,891,627
Capital assets:	
Land	8,289,161
Service rights	250,000
Buildings and improvements	15,453,318
Equipment	5,749,580
Infrastructure and system	226,067,194
Construction in progress	40,347,003
Less accumulated depreciation	<u>( 76,054,701)</u>
Total capital assets, net of accumulated depreciation	<u>220,101,555</u>
Total non-current assets	<u>254,682,015</u>
Total assets	<u>272,724,230</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	3,362,238
Related to pensions	449,337
Related to OPEB - retiree health plan	37,886
Related to OPEB - TMRS supplemental death benefit	<u>23,739</u>
Total deferred outflows of resources	<u>3,873,200</u>

**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF NET POSITION

PROPRIETARY FUND

SEPTEMBER 30, 2020

	Enterprise Fund <u>Utility</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 11,418,449
Wages payable	94,218
Due to other funds	578,288
Customer deposits	418,154
Accrued interest payable	<u>747,272</u>
Total current liabilities	<u>13,256,381</u>
Non-current liabilities:	
Due within one year:	
Long-term debt	3,599,608
Total OPEB liability - retiree health plan	3,440
Total OPEB liability - TMRS supplemental death benefit	656
Due in more than one year:	
Long-term debt	104,128,689
Net pension liability	1,586,340
Total OPEB liability - retiree health plan	269,013
Total OPEB liability - TMRS supplemental death benefit	<u>133,142</u>
Total non-current liabilities	<u>109,720,888</u>
Total liabilities	<u>122,977,269</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	277,563
Related to OPEB - TMRS supplemental death benefit	7,159
Related to OPEB - retiree health plan	<u>18,239</u>
Total deferred inflows of resources	<u>302,961</u>
<b>NET POSITION</b>	
Net investment in capital assets	120,254,280
Restricted for capital projects	19,891,627
Unrestricted	<u>13,171,293</u>
Total net position	<u>\$ 153,317,200</u>



**CITY OF PFLUGERVILLE, TEXAS**

STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION

PROPRIETARY FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund
	<u>Utility</u>
<b>OPERATING REVENUE</b>	
Charges for sales and services:	
Water sales	\$ 18,790,415
Wastewater sales	10,423,537
Solid waste sales	6,046,800
Other income	<u>92,173</u>
Total operating revenues	<u>35,352,925</u>
<b>OPERATING EXPENSES</b>	
Utility administration	5,432,659
Water operations	11,888,566
Wastewater operations	2,757,509
Solid waste operations	5,797,761
Depreciation and amortization	<u>5,347,942</u>
Total operating expenses	<u>31,224,437</u>
<b>OPERATING INCOME</b>	<u>4,128,488</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	727,396
Interest expense and fees	( 4,441,840)
Gain (loss) on sale of capital assets	<u>695</u>
Total nonoperating revenues (expenses)	<u>( 3,713,749)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	414,739
Capital contributions	9,785,344
Transfers out	<u>( 1,040,494)</u>
<b>CHANGE IN NET POSITION</b>	9,159,589
<b>NET POSITION, BEGINNING</b>	<u>144,157,611</u>
<b>NET POSITION, ENDING</b>	<u>\$ 153,317,200</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Enterprise Fund
	<u>Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 35,462,058
Payments to or on behalf of employees	( 5,044,039)
Payments to suppliers	( 11,665,868)
Net cash provided by operating activities	<u>18,752,151</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to other funds	( 1,040,494)
Net cash used by noncapital financing activities	<u>( 1,040,494)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital contributions	4,528,901
Acquisition of capital assets	( 33,031,608)
Principal paid on bonds	( 3,259,451)
Interest and fiscal charges on debt	( 4,829,791)
Proceeds from the sale of assets	<u>695</u>
Net cash used by capital and related financing activities	<u>( 36,591,254)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>727,396</u>
Net cash provided by investing activities	<u>727,396</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	( 18,152,201)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>65,803,102</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	\$ <u>47,650,901</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>	
Current assets:	
Cash and investments	\$ 12,555,615
Restricted cash and investments	514,826
Non-current assets:	
Restricted cash and investments:	
Bond accounts	14,688,833
Impact fees	<u>19,891,627</u>
Total cash and investments	\$ <u>47,650,901</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

	<u>Enterprise Fund</u>
	<u>Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 4,128,488
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,347,942
(Increase) decrease in assets:	
Accounts receivable	109,133
Increase (decrease) in liabilities:	
Account payable	8,570,961
Accrued liabilities	12,755
Other liabilities	227,432
Customer deposits	( 20,425)
Compensated absences	27,862
Net pension liability	239,259
Total OPEB liability	<u>108,744</u>
Net cash provided by operating activities	<u>\$ 18,752,151</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Infrastructure contributed by developers	\$ 5,256,443

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

**CITY OF PFLUGERVILLE, TEXAS**

**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2020**

**I. REPORTING ENTITY**

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

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

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

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

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

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

**The Pflugerville Community Development Corporation (PCDC).** The City adopted (through the election process) an optional ½ cent sales tax for economic development purposes. The PCDC is a nonprofit corporation specifically governed by Section 4B of the Development Corporation Act of 1979, as amended. The purpose of the PCDC is to promote economic development within the City. The seven-member Board of Directors is appointed by the City Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf and the City can impose its will on the Board. Complete financial statements for the PCDC may be obtained at the entity's administrative offices.

## II. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

The City reports the following major governmental funds:

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

The **Special Revenue Fund** is used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed or assigned to expenditures for specified purposes, such as the 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**

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

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

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

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

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

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

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

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

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

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

As of September 30, 2020, the City does not have any investments that qualify for fair value reporting requirements.

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

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

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

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

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

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

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

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

- 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 OPEB 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, court fines and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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

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

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

**G. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All capital assets are valued at their historical cost or estimated historical cost if actual historical cost is not available. Donated capital assets are recorded at their acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend the asset lives are not capitalized. Improvements which extend asset lives are capitalized and depreciated over the useful lives of the related assets, as applicable. Capital assets are capitalized if they have an expected useful life of over two years and an original cost of \$5,000 or more for equipment or \$25,000 for infrastructure, buildings, and improvements other than buildings. When property or equipment is retired from service or otherwise disposed of, the cost and related accumulated depreciation are removed, and any resulting gain or loss is reported in the statement of activities or in the proprietary fund financial statements.

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest expense was capitalized in the enterprise fund during the 2020 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, because of employee resignations and retirements.

**M. Use of Estimates**

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

**N. Property Taxes**

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2020, was \$0.4976 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, 2020, 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, 2020, the various fund balance purposes were as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
Restricted:					
Debt service	\$ -	\$ -	\$ 3,956,733	\$ -	\$ 3,956,733
Capital projects	-	-	-	19,379,926	19,379,926
Seizure funds	-	125,661	-	-	125,661
Child safety fees	-	77,702	-	-	77,702
LEOSE training	-	14,848	-	-	14,848
Municipal court	-	138,087	-	-	138,087
Bike rodeo	-	1,555	-	-	1,555
Blue Santa	-	16,000	-	-	16,000
National Night Out	-	5,680	-	-	5,680
PEG	-	269,192	-	-	269,192
HOT	-	129,395	-	-	129,395
TIRZ #1	-	1,699,257	-	-	1,699,257
Committed:					
Deutschen Pfest	-	73,726	-	-	73,726
Subsequent year's budget	1,946,000	-	-	-	1,500,000
Unassigned	<u>21,193,024</u>	<u>( 57,168)</u>	<u>-</u>	<u>-</u>	<u>21,135,856</u>
Total fund balance	<u>\$ 23,139,024</u>	<u>\$ 2,493,935</u>	<u>\$ 3,956,733</u>	<u>\$ 19,379,926</u>	<u>\$ 48,523,618</u>

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

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

**P. General Fund Balance Policy**

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

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

**Q. Utility Net Position Policy**

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

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

**V. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

The budget for the General Fund 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 Vehicle Reserve Fund is a subset of the General Fund, for which formal budgetary integration is not employed.

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 in accordance with the purpose for which they have been assigned, committed, or restricted.

**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, 2020, 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, 2020:

	Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	\$ 2,500	N/A
Deposits with financial institutions	( 14,296)	N/A
Lone Star Investment Pool - corporate overnight fund	59,888,669	57
TexPool	44,239,198	38
Total Cash and Investments	<u>\$ 104,116,071</u>	49

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

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

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 1150, 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, 2020, 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
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,181,004	\$ 802,386	\$ -	\$ 13,983,390
Construction in progress	3,673,615	6,461,031	3,031,551	7,103,095
Total assets not being depreciated	<u>16,854,619</u>	<u>7,263,417</u>	<u>3,031,551</u>	<u>21,086,485</u>
Capital assets, being depreciated:				
Buildings and improvements	85,748,385	483,643	-	86,232,028
Machinery and equipment	14,460,017	911,758	301,861	15,069,914
Software	1,110,978	-	-	1,110,978
Infrastructure	395,950,941	15,864,108	-	411,815,049
Total capital assets being depreciated	<u>497,270,321</u>	<u>17,259,509</u>	<u>301,861</u>	<u>514,227,969</u>
Less accumulated depreciation:				
Buildings and improvements	45,752,905	4,593,849	-	50,346,754
Machinery and equipment	8,524,765	1,067,515	218,606	9,373,674
Software	148,130	74,065	-	222,195
Infrastructure	202,947,092	13,403,947	-	216,351,039
Total accumulated depreciation	<u>257,372,892</u>	<u>19,139,376</u>	<u>218,606</u>	<u>276,293,662</u>
Total capital assets, being depreciated, net	<u>239,897,429</u>	<u>( 1,879,867)</u>	<u>83,255</u>	<u>237,934,307</u>
Governmental activities capital assets, net	<u>\$ 256,752,048</u>	<u>\$ 5,383,550</u>	<u>\$ 3,114,806</u>	<u>\$ 259,020,792</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,289,161	\$ -	\$ -	\$ 8,289,161
Service rights	250,000	-	-	250,000
Construction in progress	8,355,285	32,467,749	476,031	40,347,003
Total assets not being depreciated	<u>16,894,446</u>	<u>32,467,749</u>	<u>476,031</u>	<u>48,886,164</u>
Capital assets, being depreciated:				
Buildings and improvements	15,453,318	-	-	15,453,318
Machinery and equipment	5,247,779	585,907	84,106	5,749,580
Infrastructure	220,334,720	5,732,473	-	226,067,193
Total capital assets being depreciated	<u>241,035,817</u>	<u>6,318,380</u>	<u>84,106</u>	<u>247,270,091</u>
Less accumulated depreciation:				
Buildings and improvements	6,532,581	514,777	-	7,047,358
Machinery and equipment	3,871,662	290,941	62,058	4,100,545
Infrastructure	60,364,574	4,542,224	-	64,906,798
Total accumulated depreciation	<u>70,768,817</u>	<u>5,347,942</u>	<u>62,058</u>	<u>76,054,701</u>
Total capital assets, being depreciated, net	<u>170,267,000</u>	<u>970,438</u>	<u>22,048</u>	<u>171,215,390</u>
Business-type activities capital assets, net	<u>\$ 187,161,446</u>	<u>\$ 33,438,187</u>	<u>\$ 498,079</u>	<u>\$ 220,101,554</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Discretely presented component unit:</b>				
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	295,250	-	-	295,250
Furniture and equipment	149,068	3,799	-	152,867
Total capital assets being depreciated	<u>444,318</u>	<u>3,799</u>	<u>-</u>	<u>448,117</u>
Less accumulated depreciation:				
Leasehold improvements	85,419	59,050	-	144,469
Furniture and equipment	74,917	24,720	-	99,637
Total accumulated depreciation	<u>160,336</u>	<u>83,770</u>	<u>-</u>	<u>244,106</u>
Total capital assets, being depreciated, net	<u>283,982</u>	<u>( 79,971)</u>	<u>-</u>	<u>204,011</u>
Discretely presented component unit activities capital assets, net	<u>\$ 4,006,724</u>	<u>\$ ( 79,971)</u>	<u>\$ -</u>	<u>\$ 3,926,753</u>

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

Governmental activities:	
General government	\$ 298,520
Public safety	953,523
Public works	15,955,317
Culture/recreation	1,932,016
Total depreciation expense - governmental activities	<u>\$ 19,139,376</u>
Business-type activities	
Water and sewer	\$ 5,347,942
Total depreciation expense - business-type activities	<u>\$ 5,347,942</u>

### C. Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2020, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
Debt service	Utility	\$ 334	Transfer for payables
Debt service	General	114,174	Transfer for payables and property taxes
General	Utility	577,954	Transfer for payables
General	Special revenue	63,643	Transfer for payables
General	Capital	25,061	Transfer for payables
Special revenue	General	18,626	Transfer for payables
Special revenue	Debt service	5,760	Transfer for payables
		<u>\$ 805,552</u>	
Transfers In	Transfers Out	Amount	Purpose
General	Utility	\$ 1,040,494	Management fee and contribution to General Fund
General	Special revenue	83,557	Contribution to General Fund
Debt service	Special revenue	596,585	TIRZ #1 Contribution to Debt Service
General	Capital projects	29,006	Contribution to General Fund
		<u>\$ 1,749,642</u>	

**D. Long-term Debt**

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2020:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 156,932,842	\$ -	\$( 5,250,549)	\$ 151,682,293	\$ 5,600,631
Premium on bond issuance	12,912,142	-	( 566,478)	12,345,664	-
Discount on bonds	( 24,750)	-	19,084	( 5,666)	-
Compensated absences	721,935	5,392,736	( 5,216,549)	898,122	179,624
<b>Governmental activities long-term liabilities</b>	<b>170,542,169</b>	<b>5,392,736</b>	<b>(11,014,492)</b>	<b>164,920,413</b>	<b>5,780,255</b>
<b>Business-type activities</b>					
Utility bonds	101,637,158	-	( 3,259,451)	98,377,707	3,579,369
Premium on bond issuance	9,774,332	-	( 524,935)	9,249,397	-
Compensated absences	73,331	827,527	( 799,665)	101,193	20,239
<b>Business-type activities long-term liabilities</b>	<b>111,484,821</b>	<b>827,527</b>	<b>( 4,584,051)</b>	<b>107,728,297</b>	<b>3,599,608</b>
<b>Total long-term debt</b>	<b>282,026,990</b>	<b>6,220,263</b>	<b>(15,598,543)</b>	<b>272,648,710</b>	<b>9,379,863</b>
<b>Discretely presented component unit</b>					
Notes payable	23,255,000	-	( 800,000)	22,455,000	835,000
	<u>\$ 23,255,000</u>	<u>\$ -</u>	<u>\$( 800,000)</u>	<u>\$ 22,455,000</u>	<u>\$ 835,000</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 liability and net pension liability.

**E. General Obligation Debt**

The annual requirements to retire general long-term debt, including interest, as of September 30, 2020, are as follows:

Fiscal Year	Principal	Interest	Total Requirement
2021	\$ 5,600,631	\$ 6,154,110	\$ 11,754,741
2022	5,517,278	5,923,095	11,440,373
2023	5,731,548	5,670,641	11,402,189
2024	5,846,922	5,407,681	11,254,603
2025	6,117,400	5,137,413	11,254,813
2026-2030	34,604,650	21,412,336	56,016,986
2031-2035	39,314,950	13,723,963	53,038,913
2036-2040	20,943,050	7,272,952	28,216,002
2041-2045	21,759,000	3,313,573	25,072,573
2046-2049	6,246,864	386,908	6,633,772
<b>Total</b>	<b>\$ 151,682,293</b>	<b>\$ 74,402,674</b>	<b>\$ 226,084,967</b>

A summary of tax-supported general obligation debt outstanding at September 30, 2020, follows:

		Purpose
\$2,000,000 Series 2010 Limited Tax Bonds, due in annual installments of \$40,000 to \$170,000 through August 1, 2035 and interest at 2% to 4.2%.	\$ 1,640,000	Library expansion
\$4,130,000 Series 2010 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$85,000 to \$350,000 through August 1, 2035 and interest at 2% to 4.2%.	3,365,000	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%.	7,225,600	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 and interest at 2% to 5%.	6,740,348	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of \$25,000 to \$310,000 through August 1, 2033 and interest at 2% to 4%.	1,675,000	Library expansion
\$4,600,000 Series 2013 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2% to 4%.	3,950,000	Street projects
\$4,980,000 Series 2014 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at 2% to 4.125%.	3,610,000	Infrastructure improvements
\$14,027,795 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$22,050 to \$1,011,150 through August 1, 2045 and interest at 2.95% to 4.1%.	12,462,345	Partial refunding of prior issues 2004, 2005; Streets and Parks projects
\$8,413,300 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at 2% to 5%.	7,637,800	Streets projects and one small Parks project



		<u>Purpose</u>
\$8,630,000 Series 2016A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$445,000 through August 1, 2046 and interest at 3% to 4%.	\$ 7,365,000	Facility improvements, street projects, land acquisition and police software
\$5,940,000 Series 2016B Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$465,000 through August 1, 2041 and interest at 3% to 4%.	5,940,000	Infrastructure improvements, street projects
\$1,565,000 Taxable Series 2016C Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$125,000 to \$240,000 through August 1, 2026 and interest at 1.15% to 2.5%.	855,000	Street projects
\$52,845,000 Series 2016 Limited Tax & Refunding Bonds, due in annual installments of \$770,000 to \$3,590,000 through August 1, 2046 and interest at 2% to 5%.	50,550,000	Partial refunding of prior issues 2006, 2007 and 2009; Streets and parks projects
\$2,060,000 Series 2017 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$40,000 to \$265,000 through August 1, 2041 and interest at 2% to 5%.	1,920,000	Infrastructure improvements, street projects
\$17,355,000 Series 2017 Limited Tax Bonds, due in annual installments of \$160,000 to \$745,000 through August 1, 2047 and interest at 2% to 5%.	16,735,000	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%.	6,270,000	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%.	1,750,000	Partial refunding of prior issue 2009A
\$5,050,000 Series 2019 Limited Tax Bonds, due in annual installments of \$100,000 to \$290,000 through August 1, 2049 and interest at 3% to 5%.	5,050,000	Streets projects
\$6,941,200 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$116,550 to \$403,300 through August 1, 2049 and interest at 3% to 5%.	<u>6,941,200</u>	Streets projects
 Total general obligation debt	 <u>\$ 151,682,293</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, 2020, follows:

		<u>Purpose</u>
\$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%.	\$ 4,064,400	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%.	38,819,652	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$10,267,205 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95% to 4.1%.	7,797,655	Partial refunding of prior issues 2004, 2005
\$16,736,700 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2% to 5%.	15,162,200	Infrastructure improvements
\$16,950,000 Series 2017A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$1,290,000 through August 1, 2047 and interest at 2% to 5%.	15,780,000	Infrastructure improvements
\$5,345,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$80,000 to \$530,000 through August 1, 2035 and interest at 2% to 5%.	4,935,000	Infrastructure improvements
\$11,818,800 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$198,450 to \$686,700 through August 1, 2049 and interest at 3% to 5%.	11,818,800	Infrastructure improvements
Total utility debt	<u>\$ 98,377,707</u>	

The annual requirements to retire all Utility Fund bonds, including interest, at September 30, 2020, follows:

Fiscal Year	Principal	Interest	Total Requirements
2021	\$ 3,579,369	\$ 4,462,318	\$ 8,041,688
2022	3,582,722	4,312,959	7,895,681
2023	3,758,452	4,140,293	7,898,745
2024	3,238,078	3,959,082	7,197,160
2025	4,242,600	3,809,675	8,052,275
2026-2030	24,175,350	16,093,164	40,268,514
2031-2035	30,540,050	9,706,573	40,246,623
2036-2040	9,296,950	4,490,260	13,787,210
2041-2045	11,496,000	2,294,414	13,790,414
2046-2049	4,468,136	366,417	4,834,553
Total	<u>\$ 98,377,707</u>	<u>\$ 53,635,157</u>	<u>\$ 152,012,864</u>

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

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

**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, if the PCDC is unable to make payments on the loan when due, the City is no longer obligated to make such payments other than the 0.50% sales tax allocation to the PCDC.

Future maturity requirements for the PCDC note payable, including interest, at September 30, 2020, follows:

Fiscal Year	Principal	Interest	Total Requirements
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	945,000	832,049	1,777,049
2025	985,000	790,603	1,775,603
2026-2030	11,810,000	2,746,010	14,556,010
2031-2032	6,105,000	264,895	6,369,895
Total	<u>\$ 22,455,000</u>	<u>\$ 7,361,741</u>	<u>\$ 29,816,741</u>

**H. Component Unit Commitments**

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

Fiscal Year	2013 issue	2014 issue	2017 issue	2020 issue	Total
2021	\$ 109,000	\$ 309,800	\$ 161,550	\$ 118,624	\$ 698,974
2022	106,000	308,200	162,550	118,722	695,472
2023	103,000	309,200	163,300	118,552	694,052
2024	-	309,800	158,800	149,173	617,773
2025	-	310,000	159,300	189,173	658,473
2026-2030	-	1,234,000	822,500	2,757,648	4,814,148
2031-2035	-	-	821,350	2,401,887	3,223,237
Total	<u>\$ 318,000</u>	<u>\$ 2,781,000</u>	<u>\$ 2,449,350</u>	<u>\$ 5,853,779</u>	<u>\$ 11,402,129</u>

**VII. DEFINED BENEFIT PENSION PLAN**

**A. Plan Description**

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://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
	20 years at any age or 5 year
Service retirement for vesting	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, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	102
Inactive employees entitled to but not yet receiving benefits	224
Active employees	<u>331</u>
	<u><u>657</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 13.47% and 13.60% in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the year ended September 30, 2020, were \$2,698,001, and were equal to the required contributions.

**D. Net Pension Liability**

The City’s Net Pension Liability (NPL) was measured as of December 31, 2019, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

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

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuarial firm focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	10.00%	7.75%
	<u>100.00%</u>	

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

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset)/Liability (a) - (b)
Balance at 12/31/2018	\$ 67,275,722	\$ 52,920,759	\$ 14,354,963
Changes for the year:			
Service cost	3,433,765	-	3,433,765
Interest	4,578,648	-	4,578,648
Difference between expected and actual experience	( 789,370)	-	( 789,370)
Contributions - employer	-	2,686,156	( 2,686,156)
Contributions - employee	-	1,410,584	( 1,410,584)
Net investment income	-	8,192,501	( 8,192,501)
Benefit payments, including refunds of employee contributions	( 2,321,569)	( 2,321,569)	-
Administrative expense	-	( 46,229)	46,229
Other changes	407,721	( 1,389)	409,110
Net changes	<u>5,309,195</u>	<u>9,920,054</u>	<u>( 4,610,859)</u>
Balance at 12/31/2019	<u>\$ 72,584,917</u>	<u>\$ 62,840,813</u>	<u>\$ 9,744,104</u>

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

	1% Decrease in Discount Rate (5.75%)		Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)	
	City's net pension liability	\$ 22,330,870	\$ 9,744,104	\$ 9,744,104	\$( 282,104)

*Pension Plan Fiduciary Net Position.* Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at [www.tmr.com](http://www.tmr.com).

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

For the year ended September 30, 2020, the City recognized pension expense of \$3,157,601. Of this, the amounts attributed to governmental activities and business-type activities were \$2,643,463 and \$514,138, respectively.

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual economic experience	\$ 437,460	\$ 676,156
Changes in actual assumptions	340,221	-
Differences between projected and actual investment earnings	-	1,899,561
Contributions subsequent to the measurement date	2,048,666	-
	<u>\$ 2,826,347</u>	<u>\$ 2,575,717</u>

\$2,048,666 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, 2021. 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,	
2021	\$( 439,110)
2022	( 472,070)
2023	101,708
2024	( 970,390)
2025	( 18,174)
	<u>\$( 1,798,036)</u>

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

### A. Plan Description

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City’s health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 5 years of service. Spouses and dependents of retirees are also eligible when the retiree is covered. As of the date of the latest actuarial valuation, the City has 340 active employees and 25 retirees eligible to participate in the plan.

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

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	2.75% as of December 31, 2019
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years
Participation Rates	It was assumed that 20% of eligible retirees would choose to receive health care benefits through the City. With the exception of employees who become disabled, no retirees were assumed to maintain their health coverage if they were younger than 50 years old at retirement. Additionally, 50% of retirees were assumed to purchase the \$10,000 life insurance coverage at retirement, regardless of their age at retirement.

**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 2.75%, 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 (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 1,924,096	\$ 1,673,547	\$ 1,462,337

**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	\$ 1,482,684	\$ 1,673,547	\$ 1,904,457

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

At September 30, 2020, the City reported a liability of \$1,673,547 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City recognized OPEB expense of \$149,473. Of this, the amounts attributed to governmental activities and business-type activities were \$125,135 and \$24,338, respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

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

Service cost	\$ 78,706
Interest on the total OPEB liability	52,162
Differences between expected and actual experience of the total OPEB liability	( 8,699)
Changes of assumptions	195,306
Benefit payments	( 21,125)
Net Changes in total OPEB liability	296,350
Total OPEB Liability - beginning	1,377,197
Total OPEB Liability - ending	<u>\$ 1,673,547</u>

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflow s of Resources	Deferred Inflow s of Resources
Differences between expected and actual economic experience	\$ 14,971	\$ 99,604
Changes in actuarial assumptions	230,212	13,975
Contributions subsequent to the measurement date	22,249	-
Totals	<u>\$ 267,432</u>	<u>\$ 113,579</u>



\$22,249 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, 2021. 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,		
2021	\$	18,605
2022		18,605
2023		18,605
2024		18,605
2025		18,605
Thereafter		38,579

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

**A. TMRS Supplemental Death Benefits Fund**

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

**Benefits Provided.** The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit and is a fixed amount of \$7,500.

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

Inactive employees or beneficiaries currently receiving benefits	90
Inactive employees entitled to but not yet receiving benefits	89
Active employees	331
Total	<u>510</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 2020 and 0.14% for 2019, of which 0.02% 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, 2020 and 2019 were \$28,128 and \$28,432, 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, 2019 actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2019
Inflation rate	2.50% per annum
Discount rate	2.75%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

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

Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. Administrative expenses for the SDBF are paid through the TMRS Pension Trust Fund and are wholly accounted for under the provisions of GASB Statement No. 68.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2019 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 2.75% 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, 2019.

**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 (2.75%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
Total OPEB Liability	\$ 1,040,311	\$ 821,852	\$ 660,213

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** At September 30, 2020, the City reported a liability of \$821,852 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2019. For the year ended September 30, 2020, the City recognized OPEB expense of \$83,619. Of this, the amounts attributed to governmental activities and business-type activities were \$70,004 and \$13,615, respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

**Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2018	\$ 599,269
Changes for the year:	
Service cost	36,272
Interest	22,831
Difference between expected and actual experience	3,304
Changes of assumptions	164,206
Benefit payments	( 4,030)
Net changes	<u>222,583</u>
Balance at 12/31/2019	<u>\$ 821,852</u>

At September 30, 2020, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 2,800	\$ 7,268
Difference between expected and actual experience	169,910	36,707
Contributions subsequent to the measurement date	<u>1,623</u>	<u>-</u>
Totals	<u>\$ 174,333</u>	<u>\$ 43,975</u>

\$1,623 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, 2021. 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,	
2021	\$ 24,515
2022	24,515
2023	24,515
2024	21,005
2025	19,882
Thereafter	14,303

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

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

Aggregate OPEB Amounts - All Plans

OPEB liabilities	\$ 2,495,399
Deferred outflows of resources related to OPEB	441,765
Deferred inflows of resources related to OPEB	157,554
OPEB expense	233,092

**XI. RISK MANAGEMENT**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The City’s risk management program encompasses obtaining workers compensation and property and liability insurance through Texas Municipal League (TML) Intergovernmental Risk Pool, a public entity risk pool for the benefit of governmental units located within the state. TML Intergovernmental Risk Pool (“Pool”) is considered a self-sustaining risk pool that provides coverage for its members. The City’s contributions to the Pool are limited to the amount of premiums as calculated at the beginning of each fund year. Premiums reflect the claims experience to date of the City. The Pool’s liability is limited to the coverage that the City elects as stated in the Pool’s Declarations of Coverage for that fund year. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years.

**XII. COMMITMENTS AND CONTINGENCIES**

The City participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any money received may be required and the collectability of any related receivable may be impaired. In the opinion of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the respective grants; therefore, no provision has been recorded in the accompanying basic financial statements for such contingencies.

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$3,606,000 for the governmental funds and \$25,624,000 for the proprietary fund.

The City currently has lease agreements for building space with the following:

Travis County Emergency Services District No. 2 for the period of October 1, 2016 through September 30, 2021. Rent expense for the year ended September 30, 2020 was \$140,221.

Vista West Properties for the period of October 1, 2018 through September 30, 2022. Rent expense for the year ended September 30, 2020 was \$42,030.

DJR Investments LLC for the period October 1, 2019 through September 30, 2024. Rent expense for the year ended September 30, 2020 was \$65,850.

Future payments due under these agreements are as follows:

Fiscal Year		
2021	\$	258,667
2022		110,760
2023		65,850
2024		65,850
	\$	<u>501,127</u>

**XIII. TAX ABATEMENTS**

Governmental Accounting Standards Board Statement No. 77, *Tax Abatement Disclosures*, requires local governments to disclose information about tax abatement agreements. Tax abatements result from agreements entered by the reporting government, as well as those that are initiated by other governments, which reduce the reporting government’s tax revenues.

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. These programs rebate property, sales and hotel

occupancy taxes and include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) of the Texas Tax Code. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations, or bringing targeted business to the City. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has two categories of economic development agreements:

*General Economic Development* – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements rebate a percentage of property, sales or hotel occupancy taxes received by the City or make lump sum payments for infrastructure reimbursements. For fiscal year 2020, the City rebated \$1,504,059 in taxes.

*Tax Increment Reinvestment Zone* – In 2010, the City created the Pflugerville Tax Increment Reinvestment Zone (TIRZ) No. 1 under Chapter 311 of the Texas Tax Code to stimulate economic development in designated areas. In November 2018, the zone was expanded. Any ad valorem property value created within the TIRZ #1 above the base value of \$9,858,165 is dedicated to the TIRZ to pay for projects included in the adopted Project Plan and debt service on such projects. For fiscal year 2020, Pflugerville TIRZ #1 received \$1,593,162 of property tax increment.

**XIV. INVESTMENT IN DIRECT FINANCING LEASE**

The PCDC has entered 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	\$ 22,395,476
Interest earnings	( 545,476)
Net investment in direct financing lease	<u>\$ 21,850,000</u>

The scheduled financing lease payments are as follows:

Fiscal Year	
2020	\$ 1,150,000
2021	1,298,218
2022	1,246,704
2023	1,246,704
2024	1,246,704
2025-2029	6,233,518
2030-2034	6,233,518
2035-2038	3,740,110
Less: Interest	( 545,476)
	<u>\$ 21,850,000</u>

**XV. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

Statement No. 84, *Fiduciary Activities* – This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and postemployment benefit arrangements that are fiduciary activities. The statement will become effective in fiscal year 2021.

Statement No. 87, *Leases* – This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. This statement will become effective in fiscal year 2022.

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 in fiscal year 2022.

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 will become effective in fiscal year 2021.

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

Statement No. 92, *Omnibus 2020* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. GASB 92 will be implemented by the City in fiscal year 2022.

Statement No. 93, *Replacement of Interbank Offered Rates* – Some governments have entered into agreements in which variable payments made or received depend on an interbank offered rate (IBOR)-most notably, the London Interbank Offered Rate (LIBOR). As a result of global reference rate reform, LIBOR is expected to cease to exist in its current form at the end of 2021, prompting governments to amend or replace financial instruments for the purpose of replacing LIBOR with other reference rates, by either changing the reference rate or adding or changing fallback provisions related to the reference rate. GASB 93 will be implemented by the City in fiscal year 2022.

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

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

Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32.* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans. GASB 97 will be implemented by the City in fiscal year 2022.

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

## **XVI. SUBSEQUENT EVENTS**

The City issued Combination Tax and Limited Revenue Certificates of Obligation, Series 2020 after the fiscal year ending September 30, 2020 for \$45,970,000. Proceeds from the sale of the Certificates will be used for constructing, improving, extending, expanding, upgrading and/or developing City streets, intersections, drainage, sidewalk and other traffic improvement projects and related costs and purchasing any necessary right of way therefor, including for Kelly Lane, and Old Austin-Hutto Road. Proceeds will also be used for constructing, improving, and extending the City's waterworks and sewer system.

The City issued Limited Tax Bonds, Series 2020A after the fiscal year ending September 30, 2020, for \$15,265,000. Proceeds from the sale of the 2020A Bonds will be used for constructing, improving, extending, expanding, upgrading and/or developing Colorado Sand Drive, Kelly Lane, Old Austin-Hutto Road, and East Pflugerville Parkway, including utility relocation, sidewalks, traffic safety and operational improvements, the purchase of any necessary rights-of-way, design costs and related drainage and other related costs.

The City issued Limited Tax Refunding Bonds, Series 2020B after the fiscal year ending September 30, 2020, for \$13,745,000. Proceeds from the sale of the 2020B Bonds will be used to refund a portion of the City's currently outstanding obligations.

The City issued Limited Tax Refunding Bonds, Taxable Series 2020C after the fiscal year ending September 30, 2020, for \$38,900,000. Proceeds from the sale of the 2020C Bonds will be used to refund a portion of the City's currently outstanding obligations.

**REQUIRED SUPPLEMENTAL INFORMATION**



**CITY OF PFLUGERVILLE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

	Year Ended December 31, 2019	Year Ended December 31, 2018
Total Pension Liability:		
Service cost	\$ 3,433,765	\$ 3,417,103
Interest on total pension liability	4,578,648	4,172,998
Difference between expected and actual experience	( 789,370)	465,960
Change of assumptions	407,721	-
Benefit payments/refund of contributions	( 2,321,569)	( 1,787,972)
Net change in total pension liability	<u>5,309,195</u>	<u>6,268,089</u>
Total pension liability, beginning	<u>67,275,722</u>	<u>61,007,633</u>
Total pension liability, ending (a)	<u>\$ 72,584,917</u>	<u>\$ 67,275,722</u>
Fiduciary Net Position:		
Contributions - employer	\$ 2,686,156	\$ 2,722,815
Contributions - employee	1,410,584	1,408,700
Net investment income	8,192,501	( 1,564,337)
Benefit payments/refunds of contributions	( 2,321,569)	( 1,787,972)
Administrative expenses	( 46,229)	( 30,204)
Other	( 1,389)	( 1,579)
Net change in fiduciary net position	<u>9,920,054</u>	<u>747,423</u>
Fiduciary net position, beginning	<u>52,920,759</u>	<u>52,173,336</u>
Fiduciary net position, ending (b)	<u>\$ 62,840,813</u>	<u>\$ 52,920,759</u>
Net pension liability / (asset), ending = (a)-(b)	<u>\$ 9,744,104</u>	<u>\$ 14,354,963</u>
Fiduciary net position as a percentage of total pension liability	86.6%	78.7%
Pensionable covered payroll	\$ 20,151,206	\$ 20,124,280
Net pension liability as a percentage of covered payroll	48.4%	71.3%

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

Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
\$ 3,232,222	\$ 3,034,235	\$ 2,748,863	\$ 2,353,433
3,818,322	3,440,165	3,209,605	2,884,857
( 69,398)	500,239	( 41,827)	112,939
-	-	78,820	-
( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
<u>5,130,885</u>	<u>5,882,280</u>	<u>5,039,327</u>	<u>4,487,988</u>
<u>55,876,748</u>	<u>49,994,468</u>	<u>44,955,141</u>	<u>40,467,153</u>
<u>\$ 61,007,633</u>	<u>\$ 55,876,748</u>	<u>\$ 49,994,468</u>	<u>\$ 44,955,141</u>
\$ 2,572,468	\$ 2,420,286	\$ 2,222,649	\$ 1,958,758
1,330,915	1,242,085	1,129,891	1,050,675
6,108,008	2,628,888	53,810	1,858,571
( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
( 31,636)	( 29,674)	( 32,771)	( 19,398)
( 1,604)	( 1,599)	( 1,619)	( 1,595)
<u>8,127,890</u>	<u>5,167,627</u>	<u>2,415,826</u>	<u>3,983,770</u>
<u>44,045,446</u>	<u>38,877,819</u>	<u>36,461,993</u>	<u>32,478,223</u>
<u>\$ 52,173,336</u>	<u>\$ 44,045,446</u>	<u>\$ 38,877,819</u>	<u>\$ 36,461,993</u>
<u>\$ 8,834,297</u>	<u>\$ 11,831,302</u>	<u>\$ 11,116,649</u>	<u>\$ 8,493,148</u>
85.5%	78.8%	77.8%	81.1%
\$ 19,013,072	\$ 17,744,066	\$ 16,141,296	\$ 15,009,641
46.5%	66.7%	68.9%	56.6%

**CITY OF PFLUGERVILLE, TEXAS**

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

FOR FISCAL YEAR 2020

<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%
2019	2,717,168	2,717,168	-	20,308,411	13.38%
2020	2,698,001	2,698,001	-	20,091,633	13.43%

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

**CITY OF PFLUGERVILLE, TEXAS**

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

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Plan Year ended December 31,	<b>2019</b>	<b>2018</b>	<b>2017</b>
<b>A. Total OPEB liability</b>			
Service Cost	\$ 78,706	\$ 90,328	\$ 71,319
Interest (on the Total OPEB Liability)	52,162	47,649	47,376
Difference between expected and actual experience of the total OPEB liability	( 8,699)	( 119,367)	23,017
Changes of assumptions	195,306	( 18,151)	88,203
Benefit payments	( 21,125)	( 35,314)	( 51,325)
Net change in Total OPEB liability	296,350	( 34,855)	178,590
Total OPEB liability - beginning	1,377,197	1,412,052	1,233,462
Total OPEB liability - ending	\$ 1,673,547	\$ 1,377,197	\$ 1,412,052
<b>B. Covered employee payroll</b>	\$ 19,756,919	\$ 19,779,773	\$ 19,013,064
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	8.5%	7.0%	7.4%

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

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

**CITY OF PFLUGERVILLE, TEXAS**

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2020

Plan Year ended December 31,	<u>2019</u>	<u>2018</u>	<u>2017</u>
<b>A. Total OPEB liability</b>			
Service Cost	\$ 36,272	\$ 42,261	\$ 36,125
Interest (on the Total OPEB Liability)	22,831	20,578	19,233
Difference between expected and actual experience	3,304	( 10,435)	-
Changes of assumptions	164,206	( 52,701)	56,417
Benefit payments, including refunds of employee contributions	( 4,030)	( 2,012)	( 1,901)
Net change in Total OPEB liability	222,583	( 2,309)	109,874
Total OPEB liability - beginning	<u>599,269</u>	<u>601,578</u>	<u>491,704</u>
Total OPEB liability - ending	<u>\$ 821,852</u>	<u>\$ 599,269</u>	<u>\$ 601,578</u>
<b>B. Covered employee payroll</b>	\$ 20,151,206	\$ 20,124,280	\$ 19,013,072
<b>C. Total OPEB liability as a percentage of covered employee payroll</b>	4.1%	3.0%	3.2%

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

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

## **STATISTICAL SECTION**



## STATISTICAL SECTION

This part of the City of Pflugerville's 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 City's overall financial health.

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	61
Revenue Capacity <i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	72
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>	83
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>	91
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>	94

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



**CITY OF PFLUGERVILLE, TEXAS**

**NET POSITION BY COMPONENTS**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year			
	2011	2012	2013	2014
Governmental activities:				
Net investment in capital assets	\$ 143,269	\$ 132,428	\$ 121,820	\$ 119,082
Restricted	1,636	2,414	2,460	2,691
Unrestricted	<u>11,622</u>	<u>12,255</u>	<u>12,013</u>	<u>13,905</u>
Total governmental activities net position	<u>\$ 156,527</u>	<u>\$ 147,097</u>	<u>\$ 136,293</u>	<u>\$ 135,678</u>
Business-type activities:				
Net investment in capital assets	\$ 69,065	\$ 69,870	\$ 73,042	\$ 82,043
Restricted	6,679	6,569	6,091	8,842
Unrestricted	<u>10,089</u>	<u>12,675</u>	<u>14,048</u>	<u>13,596</u>
Total business-type activities net position	<u>\$ 85,833</u>	<u>\$ 89,114</u>	<u>\$ 93,181</u>	<u>\$ 104,481</u>
Primary government:				
Net investment in capital assets	\$ 212,334	\$ 202,298	\$ 194,862	\$ 201,125
Restricted	8,315	8,983	8,551	11,533
Unrestricted	<u>21,711</u>	<u>24,930</u>	<u>26,061</u>	<u>27,501</u>
Total primary government net position	<u>\$ 242,360</u>	<u>\$ 236,211</u>	<u>\$ 229,474</u>	<u>\$ 240,159</u>

**TABLE 1**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 121,114	\$ 110,465	\$ 108,984	\$ 112,265	\$ 115,322	\$ 118,439
2,804	3,395	3,851	3,798	4,291	5,601
<u>9,276</u>	<u>11,441</u>	<u>20,658</u>	<u>8,476</u>	<u>10,077</u>	<u>16,319</u>
<u>\$ 133,194</u>	<u>\$ 125,301</u>	<u>\$ 133,493</u>	<u>\$ 124,539</u>	<u>\$ 129,690</u>	<u>\$ 140,359</u>
\$ 81,232	\$ 87,523	\$ 93,657	\$ 102,634	\$ 107,131	\$ 120,254
11,281	11,976	11,418	12,608	15,195	19,892
<u>14,689</u>	<u>15,857</u>	<u>17,056</u>	<u>18,468</u>	<u>21,832</u>	<u>13,171</u>
<u>\$ 107,202</u>	<u>\$ 115,356</u>	<u>\$ 122,131</u>	<u>\$ 133,710</u>	<u>\$ 144,158</u>	<u>\$ 153,317</u>
\$ 202,346	\$ 197,988	\$ 202,641	\$ 214,899	\$ 222,453	\$ 238,694
14,085	15,371	15,268	16,406	19,486	25,493
<u>23,965</u>	<u>27,298</u>	<u>37,715</u>	<u>26,944</u>	<u>31,909</u>	<u>29,490</u>
<u>\$ 240,396</u>	<u>\$ 240,657</u>	<u>\$ 255,624</u>	<u>\$ 258,249</u>	<u>\$ 273,848</u>	<u>\$ 293,677</u>

**CITY OF PFLUGERVILLE, TEXAS**

**CHANGES IN NET POSITION**

**LAST TEN FISCAL YEARS**

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities:				
General government	\$ 6,079	\$ 7,015	\$ 5,315	\$ 6,094
Public safety	10,643	11,061	11,639	12,237
Public works and streets	12,047	13,534	13,557	19,772
Culture/Recreation	3,672	3,874	4,375	4,783
Interest on long-term debt	3,520	3,343	3,634	3,660
Total governmental activities expenses	<u>35,961</u>	<u>38,827</u>	<u>38,520</u>	<u>46,546</u>
Business-type expenses:				
Water and wastewater	17,744	17,010	18,540	18,751
Solid waste	3,475	3,623	3,767	3,916
Total business-type expenses	<u>21,219</u>	<u>20,633</u>	<u>22,307</u>	<u>22,667</u>
Total primary government expenses	<u>\$ 57,180</u>	<u>\$ 59,460</u>	<u>\$ 60,827</u>	<u>\$ 69,213</u>
<b>Program Revenues</b>				
Governmental activities:				
Charges for services:				
General government	\$ 648	\$ 928	\$ 1,247	\$ 1,586
Public safety	2,788	2,943	2,874	3,049
Culture and recreation	737	785	757	717
Operating grants and contributions	283	244	202	479
Capital grants and contributions	1,910	3,475	2,882	11,921
Total governmental activities program revenues	<u>6,366</u>	<u>8,375</u>	<u>7,962</u>	<u>17,752</u>
Business-type activities:				
Charges for services:				
Water and wastewater	18,869	17,951	18,258	17,967
Solid waste	3,484	3,622	3,777	3,935
Capital grants and contributions	4,183	3,007	5,834	12,704
Total business-type activities program revenues	<u>26,536</u>	<u>24,580</u>	<u>27,869</u>	<u>34,606</u>
Total primary government program revenues	<u>\$ 32,902</u>	<u>\$ 32,955</u>	<u>\$ 35,831</u>	<u>\$ 52,358</u>

TABLE 2

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 6,783	\$ 7,428	\$ 10,444	\$ 11,346	\$ 10,334	\$ 10,380	
13,018	15,012	17,271	17,797	18,250	16,333	
15,976	22,546	18,471	22,058	20,644	24,141	
4,475	4,933	5,312	5,742	6,602	6,340	
3,846	4,702	5,379	6,048	6,038	6,154	
<u>44,098</u>	<u>54,621</u>	<u>56,877</u>	<u>62,991</u>	<u>61,868</u>	<u>63,348</u>	
19,249	21,440	21,981	23,765	27,360	29,868	
4,125	4,360	4,636	4,861	5,094	5,798	
<u>23,374</u>	<u>25,800</u>	<u>26,617</u>	<u>28,626</u>	<u>32,454</u>	<u>35,666</u>	
<u>\$ 67,472</u>	<u>\$ 80,421</u>	<u>\$ 83,494</u>	<u>\$ 91,617</u>	<u>\$ 94,322</u>	<u>\$ 99,014</u>	
\$ 1,435	\$ 1,582	\$ 1,960	\$ 2,190	\$ 2,106	\$ 4,026	
3,287	3,693	3,638	3,248	2,721	545	
698	741	749	748	722	184	
210	376	493	492	644	4,257	
12,499	5,949	9,466	14,804	14,631	14,357	
<u>18,129</u>	<u>12,341</u>	<u>16,306</u>	<u>21,482</u>	<u>20,824</u>	<u>23,369</u>	
19,457	21,042	21,811	24,953	26,394	29,214	
4,112	4,387	4,631	4,884	5,139	6,047	
8,819	9,113	7,405	10,328	10,550	9,785	
<u>32,388</u>	<u>34,542</u>	<u>33,847</u>	<u>40,165</u>	<u>42,083</u>	<u>45,046</u>	
<u>\$ 50,517</u>	<u>\$ 46,883</u>	<u>\$ 50,153</u>	<u>\$ 61,647</u>	<u>\$ 62,907</u>	<u>\$ 68,415</u>	

**CITY OF PFLUGERVILLE, TEXAS**

**CHANGES IN NET POSITION (continued)**

**LAST TEN FISCAL YEARS  
(accrual basis of accounting; amounts expressed in thousands)**

	Fiscal Year			
	2011	2012	2013	2014
<b>Net (expense)/revenue</b>				
Governmental activities	\$( 29,595)	\$( 30,452)	\$( 30,558)	\$( 28,794)
Business-type activities	5,317	3,947	5,562	11,939
Total primary government net expense	<u>\$( 24,278)</u>	<u>\$( 26,505)</u>	<u>\$( 24,996)</u>	<u>\$( 16,855)</u>
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities:				
Taxes:				
Property	\$ 16,940	\$ 17,005	\$ 17,040	\$ 17,356
Sales	3,898	4,419	4,833	5,658
Franchise	2,999	2,931	2,913	3,323
Alcoholic beverage	28	24	35	68
Hotel	-	-	-	-
Investment earnings	58	38	32	38
Other income	494	488	356	855
Gain on sale of capital assets	27	19	39	14
Transfers	700	750	( 772)	750
Total governmental activities	<u>25,144</u>	<u>25,674</u>	<u>24,476</u>	<u>28,062</u>
Business-type activities:				
Investment earnings	32	25	24	11
Other income	136	50	144	101
Gain on sale of capital assets	-	9	-	-
Transfers	( 700)	( 750)	772	( 750)
Total business-type activities	<u>( 532)</u>	<u>( 666)</u>	<u>940</u>	<u>( 638)</u>
Total primary government	<u>\$ 24,612</u>	<u>\$ 25,008</u>	<u>\$ 25,416</u>	<u>\$ 27,424</u>
<b>Change in Net Position:</b>				
Governmental activities	\$( 4,451)	\$( 4,778)	\$( 6,081)	\$( 733)
Business-type activities	4,786	3,282	6,502	11,301
Total primary government	<u>\$ 335</u>	<u>\$( 1,496)</u>	<u>\$ 421</u>	<u>\$ 10,568</u>

**TABLE 2**

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$( 25,969)	\$( 42,280)	\$( 40,571)	\$( 41,509)	\$( 41,044)	\$( 39,979)	
<u>9,014</u>	<u>8,742</u>	<u>7,230</u>	<u>11,539</u>	<u>9,629</u>	<u>9,380</u>	
<u>\$( 16,955)</u>	<u>\$( 33,538)</u>	<u>\$( 33,341)</u>	<u>\$( 29,970)</u>	<u>\$( 31,415)</u>	<u>\$( 30,599)</u>	
\$ 18,411	\$ 21,024	\$ 23,695	\$ 26,731	\$ 27,979	\$ 30,820	
6,736	7,550	8,319	8,988	10,702	12,641	
3,493	3,561	3,728	3,929	4,072	4,231	
76	87	81	99	114	113	
1	20	150	340	374	235	
79	270	562	1,130	1,455	648	
1,057	1,019	271	953	721	919	
-	-	47	-	-	-	
<u>315</u>	<u>857</u>	<u>844</u>	<u>797</u>	<u>778</u>	<u>1,040</u>	
<u>30,168</u>	<u>34,388</u>	<u>37,697</u>	<u>42,967</u>	<u>46,195</u>	<u>50,647</u>	
55	159	334	878	1,518	727	
135	109	51	52	78	92	
61	-	3	7	-	-	
<u>( 315)</u>	<u>( 857)</u>	<u>( 844)</u>	<u>( 797)</u>	<u>( 778)</u>	<u>( 1,040)</u>	
<u>( 64)</u>	<u>( 589)</u>	<u>( 456)</u>	<u>140</u>	<u>818</u>	<u>( 221)</u>	
<u>\$ 30,104</u>	<u>\$ 33,799</u>	<u>\$ 37,241</u>	<u>\$ 43,107</u>	<u>\$ 47,013</u>	<u>\$ 50,426</u>	
\$ 4,198	\$( 7,892)	\$( 2,873)	\$ 1,458	\$ 5,151	\$ 10,670	
<u>8,950</u>	<u>8,153</u>	<u>6,775</u>	<u>11,679</u>	<u>10,448</u>	<u>9,160</u>	
<u>\$ 13,148</u>	<u>\$ 261</u>	<u>\$ 3,902</u>	<u>\$ 13,137</u>	<u>\$ 15,599</u>	<u>\$ 19,830</u>	

**CITY OF PFLUGERVILLE, TEXAS**

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

**LAST TEN FISCAL YEARS**

	Fiscal Year			
	2011	2012	2013	2014
General Fund:				
Committed	\$ 2,765	\$ 1,592	\$ 2,432	\$ 2,624
Assigned	-	-	-	-
Unassigned	<u>6,844</u>	<u>8,961</u>	<u>9,513</u>	<u>11,154</u>
Total general fund	<u>\$ 9,609</u>	<u>\$ 10,553</u>	<u>\$ 11,945</u>	<u>\$ 13,778</u>
All other governmental funds:				
Restricted	\$ 18,956	\$ 12,788	\$ 11,516	\$ 6,705
Committed	50	116	164	214
Assigned	-	10	5	6
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 19,006</u>	<u>\$ 12,914</u>	<u>\$ 11,685</u>	<u>\$ 6,925</u>
Total fund balances	<u>\$ 28,615</u>	<u>\$ 23,467</u>	<u>\$ 23,630</u>	<u>\$ 20,703</u>

TABLE 3

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 2,906	\$ 3,947	\$ 2,288	\$ 18	\$ 104	\$ -
-	-	-	2,294	1,500	1,946
<u>12,222</u>	<u>13,793</u>	<u>15,939</u>	<u>14,522</u>	<u>18,056</u>	<u>21,193</u>
<u>\$ 15,128</u>	<u>\$ 17,740</u>	<u>\$ 18,227</u>	<u>\$ 16,834</u>	<u>\$ 19,660</u>	<u>\$ 23,139</u>
\$ 24,152	\$ 49,571	\$ 28,613	\$ 28,393	\$ 29,381	\$ 25,814
78	105	64	83	78	74
5	5	5	5	5	-
-	-	-	-	-	( 57)
<u>24,235</u>	<u>49,681</u>	<u>28,682</u>	<u>28,481</u>	<u>29,464</u>	<u>25,831</u>
<u>\$ 39,363</u>	<u>\$ 67,421</u>	<u>\$ 46,909</u>	<u>\$ 45,315</u>	<u>\$ 49,124</u>	<u>\$ 48,970</u>





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

LAST TEN FISCAL YEARS

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Hotel Tax	Total
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
2019	27,978,714	10,701,796	4,072,212	113,671	374,308	43,240,701
2020	30,820,419	12,640,956	4,231,465	112,943	235,303	48,041,086

**CITY OF PFLUGERVILLE, TEXAS**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS**

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

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues:</b>				
Taxes	\$ 23,862	\$ 24,393	\$ 24,794	\$ 26,364
Licenses and permits	696	1,009	1,332	1,663
Intergovernmental	1,878	1,983	2,261	4,192
Fines	1,189	1,316	1,131	1,116
Interest income	58	38	32	38
Miscellaneous	1,185	1,052	835	880
Total revenues	<u>\$ 28,868</u>	<u>\$ 29,791</u>	<u>\$ 30,385</u>	<u>\$ 34,253</u>
<b>Expenditures:</b>				
General government	\$ 4,824	\$ 4,789	\$ 4,889	\$ 5,880
Public safety	9,913	10,324	10,977	11,564
Public works and streets	1,841	2,722	2,725	2,889
Culture and recreation	3,251	3,239	3,634	3,771
Capital outlay	10,536	8,926	7,954	12,545
Debt service:				
Principal	2,272	2,344	2,475	2,812
Interest	3,373	3,266	3,411	3,514
Other charges	370	78	217	145
Total expenditures	<u>\$ 36,380</u>	<u>\$ 35,688</u>	<u>\$ 36,282</u>	<u>\$ 43,120</u>
Excess (deficiency) of revenues over (under) expenditures	\$ ( 7,512)	\$ ( 5,897)	\$ ( 5,897)	\$ ( 8,867)
<b>Other financing sources (uses):</b>				
Transfers out	\$ ( 126)	\$ ( 49)	\$ ( 1,585)	\$ ( 59)
Transfers in	826	799	813	809
Sale of capital assets	27	19	39	14
Premium on bonds issued	388	2,128	64	154
Discount on bond issued	( 9)	-	-	-
Issuance of bonds	16,229	14,982	6,600	4,980
Payment to bond refunding escrow agent	( 10,282)	( 17,160)	-	-
Insurance recoveries	101	28	11	41
Total other financing sources (uses)	<u>7,154</u>	<u>747</u>	<u>5,942</u>	<u>5,939</u>
Net change in fund balances	<u>\$ ( 358)</u>	<u>\$ ( 5,150)</u>	<u>\$ 45</u>	<u>\$ ( 2,928)</u>
Capital outlay (including amounts reported under departmental expenditures)	\$ 9,285	\$ 6,234	\$ 7,558	\$ 6,689
Debt service as a percentage of noncapital expenditures	20.8%	19.0%	20.5%	17.4%

TABLE 5

Fiscal Year						
2015	2016	2017	2018	2019	2020	
\$ 28,765	\$ 32,163	\$ 36,038	\$ 39,970	\$ 43,285	\$ 47,939	
1,541	1,654	2,037	2,266	2,182	4,108	
3,916	3,675	7,747	7,002	6,672	4,195	
1,129	1,191	1,020	671	690	460	
79	270	562	1,130	1,455	648	
912	931	1,132	1,569	957	307	
<u>\$ 36,342</u>	<u>\$ 39,884</u>	<u>\$ 48,536</u>	<u>\$ 52,608</u>	<u>\$ 55,241</u>	<u>\$ 57,657</u>	
\$ 6,444	\$ 6,830	\$ 9,030	\$ 8,523	\$ 9,809	\$ 10,022	
12,348	14,017	15,400	16,596	16,158	15,084	
3,746	3,768	5,314	6,541	5,214	7,733	
3,770	3,874	4,186	4,407	4,609	4,351	
5,922	25,619	26,944	28,842	17,991	9,945	
2,910	3,003	3,533	5,283	5,114	5,251	
3,436	3,794	5,642	5,786	6,017	6,582	
317	805	6	382	213	6	
<u>\$ 38,893</u>	<u>\$ 61,710</u>	<u>\$ 70,055</u>	<u>\$ 76,360</u>	<u>\$ 65,125</u>	<u>\$ 58,974</u>	
\$( 2,551)	\$( 21,826)	\$( 21,519)	\$( 23,752)	\$( 9,885)	\$( 1,317)	
\$( 638)	\$( 281)	\$( 2,069)	\$( 2,847)	\$( 840)	\$( 709)	
953	1,138	2,913	3,645	1,618	1,750	
26	50	47	56	55	68	
1,448	6,880	-	3,170	830	-	
-	-	-	-	-	-	
22,441	68,980	-	28,200	11,991	-	
( 3,045)	( 26,928)	-	( 10,083)	-	-	
27	46	117	18	40	52	
<u>21,212</u>	<u>49,885</u>	<u>1,008</u>	<u>22,159</u>	<u>13,694</u>	<u>1,161</u>	
<u>\$ 18,661</u>	<u>\$ 28,059</u>	<u>\$( 20,511)</u>	<u>\$( 1,593)</u>	<u>\$ 3,809</u>	<u>\$( 156)</u>	
\$ 5,580	\$ 18,969	\$ 26,033	\$ 24,187	\$ 17,518	\$ 9,569	
19.0%	15.9%	20.8%	21.2%	23.4%	24.0%	

**CITY OF PFLUGERVILLE**

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

**LAST TEN FISCAL YEARS**

Real Property					
Fiscal Year	Residential Property	Commercial Property	Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value
2011	\$ 2,273,827,616	\$ 546,581,824	\$ 196,080,703	\$ 235,132,531	\$ 2,781,357,612
2012	2,343,923,432	519,094,632	172,089,561	231,415,306	2,803,692,319
2013	2,276,991,273	572,854,494	241,161,415	264,075,219	2,826,931,963
2014	2,438,725,287	532,237,861	577,588,825	535,819,349	3,012,732,624
2015	2,757,615,637	990,762,887	399,206,912	704,956,961	3,442,628,475
2016	3,147,282,746	1,206,387,574	326,625,017	808,467,090	3,871,828,247
2017	3,628,025,355	1,340,384,319	333,559,477	899,533,163	4,402,435,988
2018	4,035,650,480	1,548,588,085	314,772,082	959,591,335	4,939,419,312
2019	4,499,757,076	1,838,614,421	396,468,422	1,108,865,347	5,625,974,572
2020	4,795,208,000	2,134,940,661	422,443,512	1,154,626,003	6,197,966,170

Source: Travis Central Appraisal District; Williamson County Appraisal District

**TABLE 6**

<u>Percent of Growth in Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
0.60%	\$ 0.6040	\$ 2,781,357,612	100%
0.80%	0.5990	2,803,692,319	100%
0.83%	0.5940	2,826,931,963	100%
6.57%	0.5736	3,012,732,624	100%
14.27%	0.5336	3,442,628,475	100%
12.47%	0.5405	3,871,828,247	100%
13.70%	0.5399	4,402,435,988	100%
12.20%	0.5399	4,939,419,312	100%
13.90%	0.4976	5,625,974,572	100%
10.17%	0.4976	6,197,966,170	100%

**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		
	General Fund O & M*	Debt Service	Total City	O & M*	Debt Service	Total County	O & M*	Debt Service	Total PISD
2011	0.4101	0.1939	0.6040	0.3858	0.0800	0.4658	1.0400	0.4400	1.4800
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.5000	1.5400
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400
2015	0.3700	0.1636	0.5336	0.3850	0.0713	0.4563	1.0400	0.5000	1.5400
2016	0.3665	0.1740	0.5405	0.3486	0.0683	0.4169	1.0400	0.5000	1.5400
2017	0.3526	0.1873	0.5399	0.3222	0.0616	0.3838	1.0400	0.5000	1.5400
2018	0.3345	0.2054	0.5399	0.3143	0.0547	0.3690	1.0600	0.4600	1.5200
2019	0.3169	0.1807	0.4976	0.3079	0.0463	0.3542	0.9900	0.4600	1.4500
2020	0.3104	0.1872	0.4976	0.3123	0.0570	0.3693	0.9623	0.4600	1.4223

\* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

**TABLE 7**

<b>Travis County Emergency Services District #2</b>			<b>Travis County Healthcare District</b>			<b>Total Direct &amp; Overlapping Rates</b>
<b>O &amp; M*</b>	<b>Debt Service</b>	<b>Total ESD#2</b>	<b>O &amp; M*</b>	<b>Debt Service</b>	<b>Total TCHD</b>	
0.0938	0.0062	0.1000	0.0719	0.0000	0.0719	2.7217
0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.8034
0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372
0.0930	0.0052	0.0982	0.1253	0.0011	0.1264	2.7545
0.0913	0.0045	0.0958	0.1168	0.0010	0.1178	2.7110
0.0997	0.0003	0.1000	0.1096	0.0009	0.1105	2.6742
0.1000	0.0000	0.1000	0.1066	0.0008	0.1074	2.6363
0.1000	0.0000	0.1000	0.1045	0.0007	0.1052	2.5070
0.1000	0.0000	0.1000	0.1049	0.0007	0.1056	2.4948



**CITY OF PFLUGERVILLE**  
**WATER AND WASTEWATER RATES**  
**LAST TEN FISCAL YEARS**

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
<b><u>Water Rates</u></b>					
Base Charge	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 15.50
Usage:					
0 - 3,000 gallons					3.40
0 - 12,000 gallons	4.35	4.35	4.35	4.35	
0 - 15,000 gallons					
3,000 - 10,000 gallons					4.30
10,001 - 25,000 gallons					5.40
15,001 - 20,000 gallons					
12,000 - 26,000 gallons	4.61	4.61	4.61	4.61	
20,001 - 25,000 gallons					
25,001 + gallons					6.80
25,001 - 30,000 gallons					
26,001 + gallons	4.73	4.73	4.73	4.73	
30,001 - 35,000 gallons					
35,001 - 40,000 gallons					
40,001 - 45,000 gallons					
45,000 + gallons					
<b><u>Wastewater Rates</u></b>					
Base (4,000 gallons)					
Base (3,000 gallons)					
Base (3,000 gallons)	18.50	18.50	18.50	18.50	
Base (3,000 gallons)					
Base (0 gallons)					19.50
Usage per 1,000 gallons	3.51	3.51	3.51	3.51	1.25
City average (new customers)	28.30	27.45	28.85	25.17	25.63

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.

**TABLE 8**

	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
	\$ 15.50	\$ 15.50	\$ 15.50	\$ 15.70	\$ 15.70
	3.40	3.40	3.40	3.40	3.40
	4.30	4.30	4.30	4.30	4.30
	5.40	5.40	5.40	5.40	5.40
	6.80	6.80	6.80	6.80	6.80
	19.50	19.50	22.50	23.50	23.50
	1.25	1.25	1.55	2.20	2.20
	25.50	26.13	30.72	32.74	33.62

CITY OF PFLUGERVILLE

TABLE 9

PRINCIPAL PROPERTY TAXPAYERS

CURRENT YEAR AND NINE YEARS AGO

Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH 130-SH 45 LP (New Quest)	\$ 172,088,223	1	2.78%	\$ 47,181,318	1	1.70%
Centennial Stone Hill Two LP	66,800,000	2	1.08%	-		-
Living Spaces Pflugerville LLC	62,887,778	3	1.01%	-		-
Centennial Stone Hill LP	56,680,000	4	0.91%	-		-
MA Emerson at Pflugerville LLC	53,760,000	5	0.87%	-		-
Waypoint Austin Falcon Owner LLC	45,915,500	6	0.74%	-		-
1825 Place LLC	44,050,000	7	0.71%	-		-
Swenson Farms Apartment Community LLC	42,700,000	8	0.69%	-		-
FSC Highlands Associates LLC	40,600,000	9	0.66%	-		-
KC Villas S LLC	37,420,000	10	0.60%	-		-
SCA 115 Swenson LLC	-		-	21,700,000	2	0.75%
Pflugerville Covington	-		-	20,357,414	3	0.71%
Target Corporation	-		-	20,245,134	4	0.73%
Oncor Electric Delivery Co LLC	-		-	20,170,584	5	0.73%
Wal-Mart Real Estate Business Trust	-		-	15,809,268	6	0.55%
Timmermann Terrell	-		-	13,686,546	7	0.48%
Home Depot	-		-	12,783,669	8	0.47%
Butt H. E. Grocery Co.	-		-	9,814,916	9	0.44%
Verde Meister Lane LP	-		-	9,259,928	10	0.39%
	<u>\$ 622,901,501</u>		<u>10.05%</u>	<u>\$ 191,008,777</u>		<u>6.95%</u>

Source: Travis Central Appraisal District

**CITY OF PFLUGERVILLE**

**TABLE 10**

**WATER AND WASTEWATER CUSTOMERS**

**LAST TEN FISCAL YEARS**

Fiscal Year	Water		Wastewater	
	Water Customers	Percentage of Change	Wastewater Customers	Percentage of Change
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%
2019	19,453	6.1%	20,506	6.1%
2020	20,449	5.1%	21,585	5.3%

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 <sup>1</sup>	Adjusted Tax Levy for the Fiscal Year <sup>2</sup>	Collected Within the Fiscal Year of the Levy	
			Amount	Percent of Levy
2011	\$ 16,799,400	\$ 16,958,006	\$ 16,840,393	99.31%
2012	16,794,117	17,042,787	16,929,307	99.33%
2013	16,791,976	17,008,356	16,892,470	99.32%
2014	17,189,602	17,320,892	17,245,430	99.56%
2015	17,999,015	18,328,145	18,291,430	99.80%
2016	20,265,425	20,844,072	20,781,895	99.70%
2017	22,806,319	23,728,362	23,676,457	99.78%
2018	25,520,254	26,617,967	26,545,109	99.73%
2019	26,722,531	27,832,383	27,757,678	99.73%
2020	30,841,080	31,173,033	31,068,415	99.66%

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

**TABLE 11**

Tax Collections in Subsequent Years	Total Tax Collections	Total Collections as a Percent of Levy
\$ 91,680	\$ 16,932,073	99.85%
89,262	17,018,569	99.86%
84,905	16,977,375	99.82%
54,292	17,299,723	99.88%
16,689	18,308,119	99.89%
35,673	20,817,568	99.87%
90,634	23,687,059	99.83%
43,341	26,484,274	99.50%
73,644	27,750,744	99.71%
-	31,068,415	99.66%

CITY OF PFLUGERVILLE

TABLE 12

WATER AND WASTEWATER REVENUE COLLECTED

LAST TEN FISCAL YEARS

<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Wastewater Revenue</u>
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
2019	16,739,400	9,654,356
2020	18,790,415	10,423,537

Source: City Financial Reports

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

(amounts expressed in thousands, except per capita amount)

<b>Governmental Activities</b>					
Fiscal Year	General Obligation Bonds <sup>1</sup>	Certificates of Obligation	Refunding Bonds	Deferred Charges <sup>2</sup>	Total Governmental Activities
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
2019	65,051	43,087	48,795	12,887	169,820
2020	64,008	41,584	46,090	12,340	164,022

<b>Business-Type Activities</b>					
Fiscal Year	Certificates of Obligation		Refunding Bonds	Deferred Charges <sup>2</sup>	Total Business-Type Activities
	Water	Wastewater			
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
2019	10,705	32,723	58,209	9,774	111,411
2020	10,462	32,299	55,617	9,249	107,627

Fiscal Year	Total Primary Government Debt	Percentage of Personal Income <sup>3</sup>	Per Capita <sup>3</sup>
2011	\$ 159,777	11.8%	3,337
2012	160,503	10.8%	3,205
2013	162,325	10.2%	3,048
2014	162,211	9.6%	2,958
2015	195,101	11.5%	3,518
2016	240,549	13.0%	4,209
2017	233,481	11.4%	3,815
2018	265,035	12.0%	4,124
2019	281,232	10.9%	3,950
2020	271,649	9.5%	3,671

<sup>1</sup> General Obligation Bonds include Limited Tax Bonds.

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

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

Source: City Financial Reports



**CITY OF PFLUGERVILLE**

**GENERAL BONDED DEBT OUTSTANDING**

**LAST TEN FISCAL YEARS**

(amounts expressed in thousands, except per capita amount)

<u>Fiscal Year</u>	<u>General Obligation Bonds</u>	<u>Certificates of Obligation</u>	<u>Refunding Bonds</u>	<u>Deferred Charges<sup>1</sup></u>	<u>Total</u>
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	162,659
2019	65,051	43,087	48,795	12,888	169,822
2020	64,008	41,584	46,090	12,340	164,023

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

**TABLE 14**

Less: Accumulated Resources	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property	Net Debt Per Capita
\$ 1,583	\$ 77,559	2.79%	\$ 1,620
1,565	76,681	2.74%	1,531
1,646	80,671	2.85%	1,515
1,690	82,830	2.75%	1,510
2,047	100,283	2.91%	1,808
3,011	147,517	3.81%	2,581
2,141	144,433	3.28%	2,360
2,316	160,343	3.25%	2,494
2,350	167,472	2.98%	2,352
3,124	160,899	2.60%	2,174



DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

SEPTEMBER 30, 2020

<u>Taxing Body</u>	<u>Debt Outstanding<sup>1</sup></u>	<u>Estimated Percentage Applicable<sup>1</sup></u>	<u>Estimated Share of Overlapping Debt</u>
Estimated Overlapping Debt:			
Travis County MUD #15	\$ 32,145,000	100.00%	\$ 32,145,000
Travis County MUD #23	13,400,000	100.00%	13,400,000
Pflugerville I.S.D.	621,390,000	41.64%	258,746,796
Travis County	1,081,470,000	2.76%	29,848,572
Travis County Healthcare District	7,285,000	2.76%	201,066
Northeast Travis County Utility District	19,625,000	0.25%	49,063
Austin CCD	386,625,000	0.03%	115,988
Williamson County	<u>1,010,794,956</u>	0.03%	<u>303,238</u>
Total estimated overlapping debt	<u>3,172,734,956</u>		<u>334,809,722</u>
Direct Debt - City of Pflugerville	<u>164,022,291</u>	100.00%	<u>164,022,291</u>
Direct and Estimated Overlapping Debt	<u>\$ 3,336,757,247</u>		<u>\$ 498,832,013</u>

Sources:

<sup>1</sup> This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/20), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

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

**CITY OF PFLUGERVILLE**

LEGAL DEBT MARGIN INFORMATION

LAST TEN FISCAL YEARS

	Fiscal Year			
	2011	2012	2013	2014
Debt Limit	\$ 41,720,364	\$ 42,055,385	\$ 42,403,979	\$ 45,190,989
Total net debt applicable to limit	<u>5,644,637</u>	<u>5,610,120</u>	<u>5,886,306</u>	<u>6,325,351</u>
Legal debt margin	<u>\$ 36,075,727</u>	<u>\$ 36,445,265</u>	<u>\$ 36,517,673</u>	<u>\$ 38,865,638</u>
Total net debt applicable to the limit as a percentage of debt limit	13.5%	13.3%	13.9%	14.0%

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.

**TABLE 16**

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 51,639,427	\$ 58,077,424	\$ 66,036,540	\$ 74,091,290	\$ 84,389,619	\$ 92,969,493
<u>6,345,656</u>	<u>6,797,076</u>	<u>9,175,478</u>	<u>11,068,992</u>	<u>11,131,351</u>	<u>10,851,180</u>
<u>\$ 45,293,771</u>	<u>\$ 51,280,348</u>	<u>\$ 56,861,062</u>	<u>\$ 63,022,298</u>	<u>\$ 73,258,268</u>	<u>\$ 82,118,313</u>
12.3%	11.7%	13.9%	14.9%	13.2%	11.7%

**Legal Debt Margin Calculation for Fiscal Year 2020**

Assessed value of taxable property:	\$ 6,197,966,170
Debt limit (\$1.50 per \$100 of assessed valuation)	\$ 92,969,493
2020 annual debt service applicable to limit:	
General obligation - principal	\$ 5,250,549
General obligation - interest	<u>5,600,631</u>
Legal debt margin	<u>\$ 82,118,313</u>

**CITY OF PFLUGERVILLE**

**REVENUE FUND BOND COVERAGE  
WATER AND WASTEWATER BONDS**

**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gross Water and Wastewater Revenues</u>	<u>Operating Expenses<sup>1</sup></u>	<u>Net Revenue Available for Debt Service</u>
2011	\$ 19,037,632	\$ 10,276,803	\$ 8,760,829
2012	18,027,068	10,506,317	7,520,751
2013	18,426,637	11,414,204	7,012,433
2014	18,079,253	11,444,451	6,634,802
2015	19,646,817	11,813,587	7,833,230
2016	21,309,858	13,230,539	8,079,319
2017	22,196,386	13,802,659	8,393,727
2018	25,883,476	14,609,304	11,274,172
2019	27,990,214	17,919,504	10,070,710
2020	29,306,125	20,078,734	9,227,391

<sup>1</sup>Excludes depreciation expense

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

TABLE 17

## Debt Service Requirements

Principal		Interest		Total		Coverage
\$	1,764,325	\$	3,771,608	\$	5,535,933	1.58
	1,841,430		2,727,871		4,569,301	1.65
	1,928,817		3,242,086		5,170,903	1.36
	1,991,747		3,163,526		5,155,273	1.29
	2,163,205		3,093,173		5,256,378	1.49
	2,367,071		3,658,167		6,025,238	1.34
	2,736,510		3,535,545		6,272,055	1.34
	3,457,068		3,883,125		7,340,193	1.54
	3,141,149		4,066,228		7,207,377	1.40
	3,259,451		4,831,543		8,090,994	1.14



CITY OF PFLUGERVILLE

TABLE 18

DEMOGRAPHIC STATISTICS

LAST TEN FISCAL YEARS

Fiscal Year	Population <sup>1</sup>	School Enrollment <sup>2</sup>	Total Personal Income <sup>3</sup>	Personal Income Per Capita <sup>4</sup>	Unemployment Rate <sup>5</sup>
2011	47,874	23,287	\$ 1,350,860,658	28,217	5.8
2012	50,081	23,251	1,484,551,083	29,643	5.0
2013	53,250	23,225	1,597,233,750	29,995	4.5
2014	54,843	23,463	1,681,157,322	30,654	3.5
2015	55,455	23,853	1,692,153,870	30,514	2.8
2016	57,148	23,819	1,854,795,488	32,456	3.2
2017	61,200	24,562	2,041,387,200	33,356	3.7
2018	64,260	25,282	2,203,411,140	34,289	3.3
2019	71,200	25,361	2,592,036,000	36,405	3.0
2020	74,000	26,442	2,851,664,000	38,536	6.3

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

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

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

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.

2019 Personal Income per capita from the 2014-2018 U.S. Census Bureau Demographic Profile.

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

**CITY OF PFLUGERVILLE**

**TABLE 19**

**PRINCIPAL EMPLOYERS**

**CURRENT YEAR AND NINE YEARS AGO**

2020		2011	
Employers	Employees	Employers	Employees
Pflugerville ISD	1,659	Pflugerville ISD	1,351
City of Pflugerville	384	Walmart	325
Walmart	325	City of Pflugerville	295
Curative	300	HEB	200
Mtech	268	Target	200
Cash Construction Co.	250	Avant Technologies	154
Costco	200	Flextronics	150
Flextronics	195	Austin Foam Plastics	137
Target	177	Home Depot	125
Home Depot	<u>165</u>	Advanced Integration Technologies	<u>102</u>
Total	<u><u>3,923</u></u>	Total	<u><u>3,039</u></u>

Source:  
Pflugerville Community Development Corporation



WATER AND WASTEWATER CUSTOMERS BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Water Customers				Wastewater Customers			
	Residential	Commercial	Other	Total	Residential	Commercial	Other	Total
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
2019	18,567	583	206	19,356	20,027	302	70	20,399
2020	19,620	603	222	20,445	21,170	308	73	21,551

Source: Utility Billing Department

**CITY OF PFLUGERVILLE**

**FULL TIME EQUIVALENT EMPLOYEES BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Administration <sup>1</sup>	21	23	23.5	23.5	24.5
Animal Welfare Services <sup>2</sup>	-	-	-	-	-
Building Inspection	6	6	6	4	5
City Manager's Office <sup>1</sup>	-	-	-	-	-
Communications <sup>1</sup>	-	-	-	-	-
Development Services Admin <sup>3</sup>	-	-	-	5	5
Engineering	6	7	7	7	11
Facilities Maintenance <sup>1</sup>	-	-	-	-	-
Fleet	3	3	3	3	3.5
Finance	-	-	-	-	-
Information Technology <sup>4</sup>	-	-	-	-	-
Library	12	11	15	15	18
Municipal Court	5.5	5.5	6	6	5.5
Parks & Recreation					
Full Time	31.5	30	32	31.5	26.5
Seasonal	28.75	32	31.38	32	31.25
People and Culture <sup>1</sup>	-	-	-	-	-
Planning & Development	7	6	7	6.5	6.5
Police Services					
Officers	78	79	78.5	80.5	83.5
PflSD Officers <sup>5</sup>	16	17	20	20	22
Civilians	25	24	27.5	30.5	37.5
Resource Recovery <sup>6</sup>	-	-	-	-	-
Streets	21	21	21	22	31
Water	19.5	20	21	23	24.5
Wastewater	<u>19.5</u>	<u>20</u>	<u>21</u>	<u>24</u>	<u>25.5</u>
<b>Total Employees</b>	<b>300</b>	<b>305</b>	<b>320</b>	<b>334</b>	<b>361</b>

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

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

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

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

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

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

Source: City of Pflugerville Budget

TABLE 21

Fiscal Year				
2016	2017	2018	2019	2020
24.5	28.5	27.5	28.5	-
-	10	10	11.5	11.5
5	5	5	6	6
-	-	-	-	6.5
-	-	-	-	5.5
4	3	3	4	4
13	14	13	15	18
-	-	-	-	6.5
3.5	3.5	3.5	3.5	3.5
-	-	-	-	8
-	-	6	5	5
18	19	20	20.5	20.5
5.5	5.5	5.5	5.5	5.5
26.5	27.5	31.5	33.5	33.5
31.25	31.25	31	30.5	30.5
-	-	-	-	4
7.5	9.5	8.5	12.5	14.5
85.5	86	87	89	91
23	24	24	-	-
42	38.5	38	40.5	39.5
-	-	-	-	6
29	28	28	28	28
27.5	27.5	31.25	32.25	35.25
<u>26.5</u>	<u>26.5</u>	<u>29.25</u>	<u>32.25</u>	<u>29.25</u>
<b>372</b>	<b>387</b>	<b>402</b>	<b>398</b>	<b>412</b>

**CITY OF PFLUGERVILLE**

**OPERATING INDICATORS BY FUNCTION**

**LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011	2012	2013	2014	2015
Animal Welfare Services					
Animals Taken Into Shelter	714	955	792	1,098	1,077
Building Inspection					
Residential Permits	460	524	650	826	974
Commercial Permits	28	31	34	49	38
Inspections Performed	14,354	17,905	20,165	25,018	29,915
Engineering					
Construction Plans Reviewed	8	18	25	36	37
Construction Inspections	10,080	9,721	15,000	13,024	23,804
Fleet					
Vehicle Inspections	145	118	160	117	191
Library					
Library Visits (000) <sup>1</sup>	172	199	295	444	323
Items Circulated (000) <sup>1</sup>	294	326	358	400	390
Municipal Court					
Cases Filed	15,225	16,115	13,605	11,615	11,509
Warrants Issued	5,033	3,711	4,414	3,849	5,494
Parks & Recreation					
Recreation Center Members <sup>2</sup>	1,770	1,309	1,336	1,246	1,309
Facilities Reservations	540	633	736	629	798
Recreation Program Participants	2,596	2,633	2,809	2,555	3,131
Planning & Development					
Single Family Lots Reviewed	822	577	4,005	1,877	2,151
Subdivision Plat Applications	15	24	40	51	66
Zoning Applications	10	4	10	9	14
Police Services					
Citations Issued	13,563	14,597	12,002	10,284	10,292
Arrests					
Felony	295	200	309	286	436
Misdemeanor	2,164	1,126	663	626	690
Calls for Service	67,003	74,391	68,518	62,790	62,360
Streets					
Miles of Streets Maintained	195	195	197	206	213
Potholes and Patches					
Street Signs Replaced <sup>1</sup>	-	-	-	-	-
Water					
New Connections	433	538	631	556	1,009
Water Main Breaks Repaired	3	8	8	8	9
Average Daily Usage (MGD)	6.63	5.85	6.02	6.10	6.59
Wastewater					
Average Daily Flow (MGD)	3.15	3.11	2.90	3.50	4.05
Wastewater Treated (MG)	1,198	1,136	1,060	1,200	1,478
Blockages Cleared	67	81	102	110	87

<sup>1</sup> Physical & virtual

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

Sources: Various government departments

**TABLE 22**

Fiscal Year				
2016	2017	2018	2019	2020
892	791	989	1,171	781
953	1,048	1,307	1,481	1,262
75	39	149	218	373
36,670	35,692	39,350	43,523	40,413
33	35	35	26	40
26,982	25,300	32,054	26,700	46,970
192	229	240	238	215
209	220	231	390	319
450	447	458	556	433
12,642	9,717	6,748	8,020	4,397
6,242	4,235	1,377	1,592	919
1,067	1,058	1,209	1,171	1,806
911	728	634	625	79
3,056	4,138	4,468	3,456	1,294
3,000	2,304	2,656	2,084	2,175
69	50	53	41	44
10	8	14	11	13
11,525	9,269	8,957	14,368	9,490
475	538	440	525	548
3,019	2,525	1,512	1,388	928
55,634	48,576	54,183	57,205	43,314
218	221	221	230	240
-	-	-	-	1,218
-	-	-	-	1,272
908	965	848	1,034	950
3	4	5	6	10
6.84	6.69	7.49	8	8
4.49	4.18	4.32	5.19	5.74
1,638	1,525	1,576	1,894	2,096
77	66	116	139	124



**CITY OF PFLUGERVILLE**  
**CAPITAL ASSETS BY FUNCTIONS**  
**LAST TEN FISCAL YEARS**

Function	Fiscal Year				
	2011	2012	2013	2014	2015
<b>Fleet</b>					
Fleet Vehicles	163	171	172	181	187
<b>Library</b>					
Libraries	1	1	1	1	1
Library (sq ft)	12,500	12,500	28,000	28,000	28,000
Books (000)	64	59	61	66	68
<b>Parks &amp; Recreation</b>					
Parks	32	34	35	36	36
Park Acreage	674	688	709	733	737
Swimming Pools	3	3	3	3	3
Recreation Centers	1	1	1	1	1
Recreation Center (sq ft)	22,000	22,000	22,000	22,000	22,000
Miles of Trails	29	31	31	31	31
<b>Police Services</b>					
Stations	1	1	1	1	1
Animal Shelter (sq ft)					
<b>Streets</b>					
Streets (miles)	195	195	197	206	213
Street Signs					
Traffic Signals	9	9	9	10	11
<b>Water</b>					
Surface Water Treatment Plant	1	1	1	1	1
Capacity (MGD)	15.5	15.5	15.5	20.6	20.6
Surface Water Reservoir (acres)	180	180	180	180	180
Water lines (miles)	177	181	200	211	224
Wells in Operation	3	3	3	3	3
<b>Wastewater</b>					
Wastewater lines (miles)	184.3	188	191	202	216
Wastewater Treatment Plants	2	2	2	2	2
Capacity (MGD)	5.6	5.6	5.6	5.6	5.6

Sources: Various government departments.

**TABLE 23**

Fiscal Year				
2016	2017	2018	2019	2020
197	222	235	252	275
1	1	1	1	1
28,000	28,000	28,000	28,000	28,000
68	70	78	82	86
36	36	37	38	38
737	737	737	737	737
3	3	3	3	3
1	1	1	1	1
22,000	22,000	22,000	22,000	22,000
31	45	45	47	53
1	1	1	1	1
218	221	224	230	230
11	13	15	18	21
1	1	1	1	1
20.6	20.6	20.6	20.6	20.6
180	180	180	180	180
238	245	265	271	268
3	3	3	3	3
226	231	240	240	267
2	2	2	2	2
5.6	5.6	5.6	5.6	5.6



**SINGLE AUDIT SECTION**



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

Mayor and Members of City Council  
City of Pflugerville, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pflugerville, Texas ("City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated April 15, 2021.

***Internal Control Over Financial Reporting***

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

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

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

***Compliance and Other Matters***

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

**Purpose of this Report**

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas  
April [REDACTED], 2021

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

Mayor and Members of City Council  
City of Pflugerville, Texas

**Report on Compliance for Each Major Federal Program**

We have audited the City of Pflugerville’s (the “City”) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City’s major federal programs for the year ended September 30, 2020. The City’s major federal programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

**Management’s Responsibility**

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

**Auditor’s Responsibility**

Our responsibility is to express an opinion on compliance for each of the City’s major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City’s compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City’s compliance.

**OFFICE LOCATIONS**

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



## Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2020.

## Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

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

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

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

Waco, Texas  
April 15, 2021

**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

**FOR THE YEAR ENDED SEPTEMBER 30, 2020**

Federal Grantor/Pass-through Grantor/ Program Title	Federal CFDA Number	Pass-through Grantor's Number	Expenditures	Pass-Through Expenditures
<b><u>U.S. Department of Housing and Urban Development</u></b>				
Direct Programs:				
Community Development Block Grant	14.218	B-20-MC-48-0516	\$ 91,786	\$ -
Community Development Block Grant - (COVID-19)	14.218	B-20-MC-48-0516	382,375	-
Total Direct Programs			474,161	-
Total U.S. Department of Housing and Urban Development			474,161	-
<b><u>U.S. Department of Justice</u></b>				
Passed through the Texas Office of the Governor:				
Coronavirus Emergency Supplemental Funding Program - (COVID-19)	16.034	4135301	1,592	-
Victim Services Program Enhancement	16.575	3734801	55,893	-
Bulletproof Vest Partnership Program	16.607	207370	8,344	-
Total Passed through the Texas Office of the Governor			65,829	-
Total U.S. Department of Justice			65,829	-
<b><u>United States Department of Transportation</u></b>				
Passed through the Texas Department of Transportation:				
State and Community Highway Safety Grant Program	20.600	2019-Pflugerville-S-1YG-00092	1,079	-
State and Community Highway Safety Grant Program	20.600	2020-Pflugerville-S-1YG-00024	8,185	-
Impaired Driving Mobilization Grant	20.616	2020-Pflugerville-IDM-00002	5,059	-
Total Highway Safety Cluster			14,323	-
Total Passed through the Texas Department of Transportation			14,323	-
Total United States Department of Transportation			14,323	-
<b><u>U.S. Department of the Treasury</u></b>				
Direct Programs:				
Coronavirus Relief Fund (COVID-19)	21.019	BG20BPV3453402	3,459,153	-
Total Direct Programs			3,459,153	-
Total U.S. Department of the Treasury			3,459,153	-
<b><u>Institute of Museum and Library Services</u></b>				
Passed through the Texas State Library and Archives Commission:				
Inter-Library Loan Grant Program	45.310	901316	369	-
Total Passed through the Texas State Library and Archives Commission			369	-
Total Institute of Museum and Library Services			369	-
Total Expenditures of Federal Awards			\$ 4,013,835	\$ -

The accompanying notes are an integral part of this schedule.

**CITY OF PFLUGERVILLE, TEXAS**

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

**SEPTEMBER 30, 2020**

**1. BASIS OF ACCOUNTING**

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

**2. BASIS OF PRESENTATION**

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

**3. PASS-THROUGH EXPENDITURES**

None of the Federal Programs expended by the City were provided to subrecipients.

**4. INDIRECT COSTS**

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

CITY OF PFLUGERVILLE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2020

**Summary of Auditor's Results**

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Type of auditor's report issued on compliance for major programs	Unmodified

Any audit findings disclosed that are required  
to be reported in accordance with 2 CFR 100.516(a)      None

Identification of major programs:

CFDA Number(s): 21.019	Name of Program or Cluster: Coronavirus Relief Fund - (COVID-19)
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Dollar threshold used to distinguish between type A  
and type B federal programs.      \$750,000

Auditee qualified as low-risk auditee  
for federal single audit?      No

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

None

**Findings and Questioned Costs for Federal Awards**

None

