

CITY OF PFLUGERVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2016

Prepared by

Finance Department



where quality meets life

PFLUGERVILLE
T E X A S

**City of Pflugerville, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2016**

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City of Pflugerville, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2016

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INTRODUCTORY SECTION

DRAFT 3/19/17



March XX, 2017

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, 2016, including the independent auditors' report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2016.

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

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

Weaver and Tidwell, L.L.P., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Pflugerville's financial statements for the year ended September 30, 2016. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. 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. According to U.S. Census Bureau estimates, Pflugerville was the 11th fastest growing city with a population over 50,000 between 2014 and 2015. This growth is expected to continue, although the pace may be slowing slightly.

Profile of the government (continued)

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

The City of Pflugerville became a home rule city in 1993 and operates under the council-manager form of government. Policy-making and legislative authority is vested in a governing council (Council). During the period of this report, the Council consisted of the mayor and five other members, all elected on a non-partisan, at-large basis. During the November 2016 elections, the citizens voted to amend the City's Charter to expand the membership of the Council to the mayor and six other members. Council members including the mayor serve three-year terms, with two members elected each year. The Council appoints the City Manager, who in turn appoints the managers of the various departments.

The City of Pflugerville provides a range of services: police protection; the construction and maintenance of streets and other infrastructure; recreational and cultural activities; water and wastewater service; and contractual solid waste service. Economic development activities are provided through a legally separate corporation, Pflugerville Community Development Corporation, reported separately within the City of Pflugerville's financial statements. Additional information on this component unit can be found in the notes to the financial statements (See Note 1).

The Council is required to adopt a balanced budget by no later than September 30 for the fiscal year beginning on October 1. This annual budget serves as the foundation for the City of Pflugerville's financial planning and control. The budget is prepared by fund and department.

Local economy

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Pflugerville operates. The City of Pflugerville was originally a farming community, developed into a bedroom community, and is now an urban suburb. The city's proximity to major employers such as Dell, Samsung, The University of Texas, and the State of Texas has allowed for rapid growth in the housing market. The City has traditionally relied heavily on revenues from residential property taxes for general fund operating and debt service expenditures.

Through residential growth and annexation, the population has increased enough to support more businesses within the City limits. The Pflugerville Community Development Corporation (PCDC) is actively recruiting those businesses. The intersection of two major toll roadways, State Highway 130 and State Highway 45, is completely within the City and has brought significant commercial growth. A large master planned commercial development at this intersection began in 2008 and continues developing into fiscal year 2017. Due to this development and a variety of retail outlets opening throughout the city, sales tax is becoming a larger portion of revenue. During the past five years, sales tax revenues have increased from 20% of general fund revenue collections to 26%.

Long-term financial planning

At the end of FY 2016, the unassigned fund balance in the general fund was 53.1% of total general fund operating expenditures for the year. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., at least 25% of total general fund expenditures). Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to the 25% level.

Long-term financial planning (continued)

In 2010 the City Council approved an update of the City's Comprehensive Plan. The Comprehensive Plan is the principal guide for use in the daily planning decisions regarding growth, development, and regulation of current and future development within the city limits of the City and its extra-territorial jurisdiction (ETJ). The plan is anticipated to guide the City's development and growth through the year 2030.

Major initiatives

Utility Infrastructure Projects. Water infrastructure projects continue to focus on increasing system redundancy and expanding the system to support new development. In December 2016, construction began on an elevated water storage tank which, at 1.5 million gallons, will be the City's largest elevated water storage facility. A regional lift station and a force main are under construction to increase the City's wastewater collection capacity in the eastern portion of the City's service area, where development is rapidly occurring.

General Fund Projects. Roads and street infrastructure continue to be an important ongoing improvement to the community. During fiscal year 2016, construction of Pfluger Farm Lane, Phase B was completed and the expansion of Heatherwilde Blvd started. As of the date of this report, construction has also commenced on the Helios/Sun Light Near Way project and the expansion of both East Pecan Street and Weiss Lane. Design continues on several other roadway projects that were approved by voters in the November 2014 election. Also in the 2014 election, voters approved funding for numerous Parks projects. Currently, the initial construction of the 1849 Park Sports Complex has begun and the efforts to close gaps in the City's hike and bike network is nearly complete.

Economic development continues to be a major focus of the efforts that are being made by City and Pflugerville Community Development Corporation staff. Economic development efforts include partnering with developers to build commercial projects and encouraging employer relocation to the City. In July, the City's first hotel, opened for business and the second hotel, including a convention center, is under construction.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2015. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

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, 2015. In order to apply for the PAFR, the government must first have received the Certificate Achievement for Excellence in Financial Reporting.

The government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2015. To qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,



Amy M. Good, CPA, CGFO
Finance Director



Lauren Henkes, CGFO
Senior Accountant

DRAFT 3/10/17



Government Finance Officers Association

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

Presented to

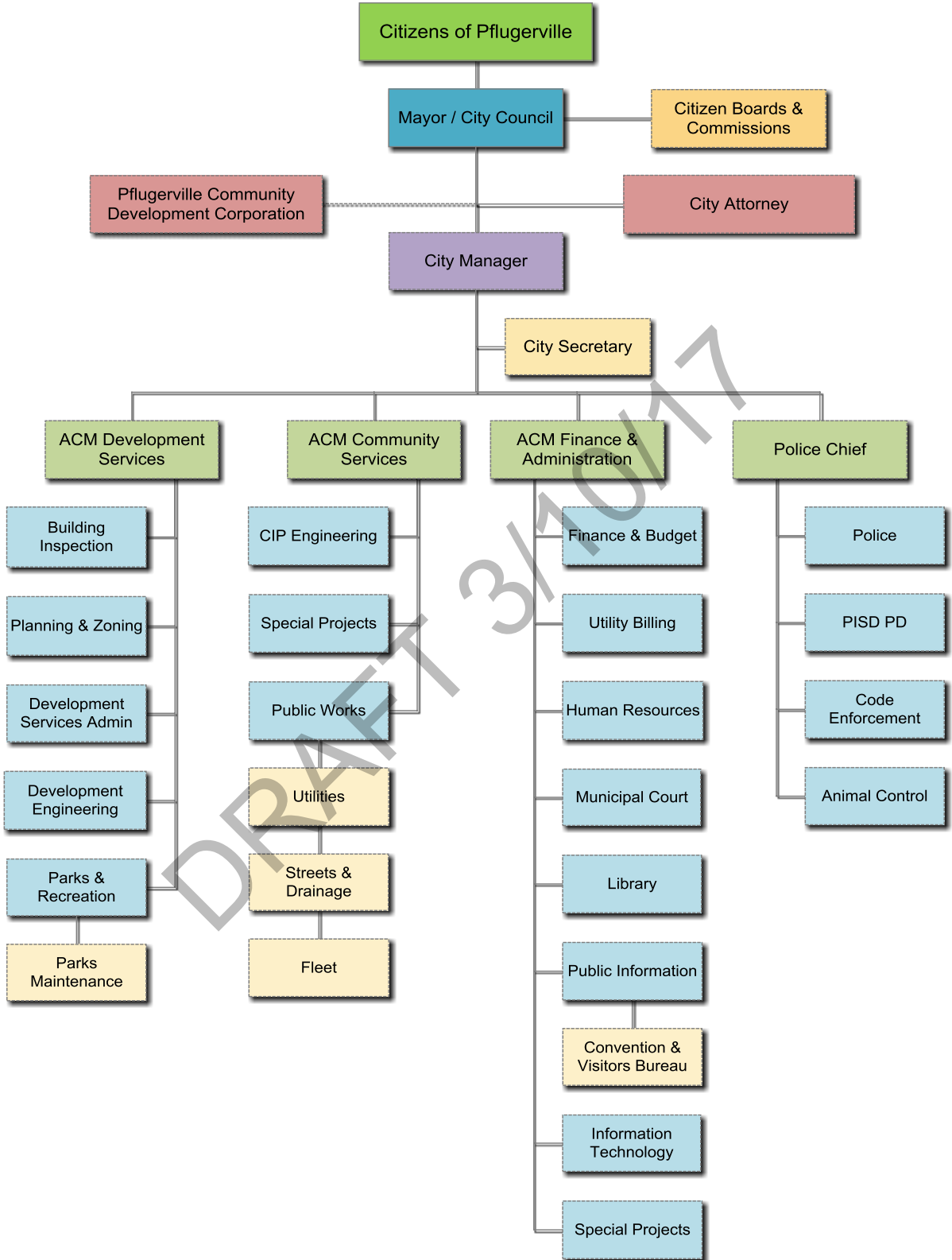
**City of Pflugerville
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2015

A handwritten signature in black ink, reading "Jeffrey R. Evers". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

Executive Director/CEO



City of Pflugerville, Texas
List of Elected and Appointed Officials
as of September 30, 2016

Elected Officials

**City Council
Three-Year Terms**

<u>Name</u>	<u>Term Expires</u>
Jeff Coleman, Mayor	November 2016
Wayne Cooper, Place 1	November 2016
Jeff Marsh, Place 2	November 2017
Omar Peña, Mayor Pro Tem, Place 3	November 2018
Starlet Sattler, Place 4	November 2017
Mike Heath, Place 5	November 2018

City Staff

<u>Position</u>	<u>Name</u>
City Manager	Brandon Wade
Assistant City Manager	Trey Fletcher
Assistant City Manager	Lauri Gillam
Assistant City Manager	Tom Word
Police Chief	Chuck Hooker
City Secretary	Karen Thompson
Public Information Officer	Terri Toledo



FINANCIAL SECTION

DRAFT 3/19/17



Independent Auditor's Report

Honorable Mayor and
Members of the 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, 2016, 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

The City's 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.

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

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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and TMRS pension schedules on pages 17 through 26, and 77 through 78, respectively, 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, combining fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

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 it.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated **March 31, 2017** 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.

WEAVER AND TIDWELL, L.L.P.

Austin, Texas
March xx, 2017



City of Pflugerville, Texas

Management's Discussion and Analysis

As management of the City of Pflugerville, Texas, we offer readers of the City of Pflugerville's financial statements this narrative overview and analysis of the financial activities of the City of Pflugerville for the fiscal year ended September 30, 2016. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 6 of this report.

Financial Highlights

- ❖ The assets of the City of Pflugerville exceeded its liabilities as of September 30, 2016, by \$240,657,622 (net position). Of this amount, \$27,298,419 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City of Pflugerville's governmental funds reported combined ending fund balances of \$67,421,173 an increase of \$28,057,931 in comparison with the prior year. The major factor in the increase of fund balance is the issuance of bonds for capital projects.
- ❖ At the end of the 2015-2016 fiscal year, unassigned fund balance for the general fund was \$13,792,807 or 53.1% of general fund operating expenditures. The City of Pflugerville Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2016 that amount was \$6.49 million.
- ❖ The City of Pflugerville's total bonded debt increased by \$39,155,400 (21%) during the current fiscal year. The largest portion of this increase were the issuances of \$52,845,000 of general obligation and refunding bonds and \$16,135,000 of various combination tax and revenue certificates of obligation for infrastructure projects, land acquisition and police software.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

Government-wide Financial Statements (continued)

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

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

The government-wide financial statements can be found on pages 29-31 of this report.

Fund Financial Statements

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

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

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

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

The City of Pflugerville adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget. The reserve funds are a subset of the general fund that is not subject to the annual budget process, with spending authorized separately by the City Council. Pages 79-80 include combining schedules for these funds.

The basic governmental fund financial statements can be found on pages 32-35 of this report.

Fund Financial Statements (continued)

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

The City's enterprise fund is substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes the enterprise fund to account for its water, wastewater and solid waste services.

The basic proprietary fund financial statements can be found on pages 37-39 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 43-71.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension benefits to its employees. Required supplementary information can be found on pages 75-76.

Financial Analysis of the City as a Whole

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Current and other assets	\$ 75,546,652	\$ 44,154,362	\$ 41,648,870	\$ 45,924,171	\$ 117,195,522	\$ 90,078,533
Capital assets	211,226,555	200,702,412	164,094,610	154,093,528	375,321,165	354,795,940
Total assets	286,773,207	244,856,774	205,743,480	200,017,699	492,516,687	444,874,473
Deferred outflow s	8,069,049	3,817,419	4,414,795	4,305,942	12,483,844	8,123,361
Long-term liabilities	161,404,707	110,771,577	91,617,397	94,002,010	253,022,104	204,773,587
Other liabilities	8,103,878	4,709,262	3,182,387	3,119,092	11,286,265	7,828,354
Total liabilities	169,508,585	115,480,839	94,799,784	97,121,102	264,308,369	212,601,941
Deferred inflow s	32,072	-	2,468	-	34,540	-
Net position:						
Net investment in capital assets	110,465,383	121,113,860	87,522,802	81,232,003	197,988,185	202,345,863
Restricted	3,394,968	2,803,756	11,976,050	11,281,346	15,371,018	14,085,102
Unrestricted	11,441,248	9,275,738	15,857,171	14,689,190	27,298,419	23,964,928
Total net position	\$ 125,301,599	\$ 133,193,354	\$ 115,356,023	\$ 107,202,539	\$ 240,657,622	\$ 240,395,893

Statement of Net Position: (continued)

City of Pflugerville - Net Position

- ❖ A portion of the City's net position, \$15,371,018 (6.4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$27,298,419, may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ Current assets and long-term liabilities increased in the governmental activities. These increases were primarily due to the issuance of debt for capital projects. Current assets and long-term liabilities decreased in the business-type activities reflecting the use of fund balance and impact fees for capital improvements as well as debt payments made on bonds.
- ❖ Net position in the business-type activities increased due to the growth in utility service revenues and capital contributions received from developers.
- ❖ At the end of the current fiscal year, the City of Pflugerville is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2016.

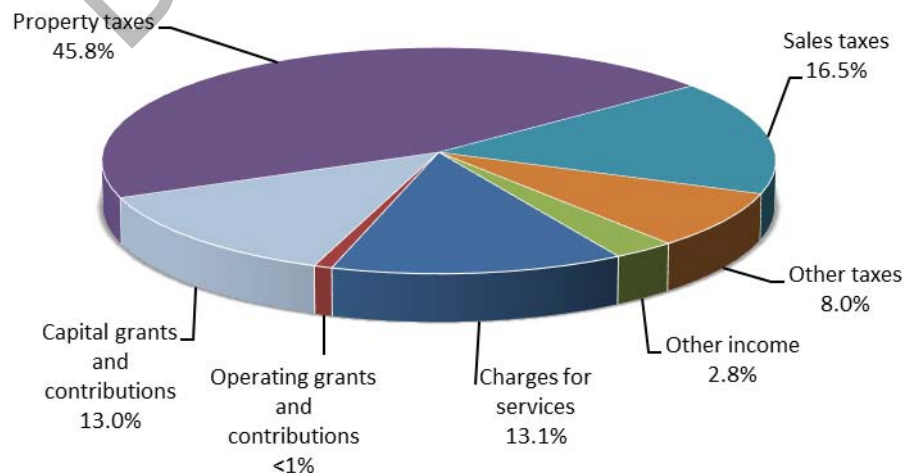
City of Pflugerville - Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Revenues:						
Program revenues:						
Charges for services	\$ 6,016,180	\$ 5,445,778	\$ 25,429,477	\$ 23,568,120	\$ 31,445,657	\$ 29,013,898
Operating grants and contributions	376,172	210,222	-	-	376,172	210,222
Capital grants and contributions	5,948,766	12,498,823	9,112,963	8,819,289	15,061,729	21,318,112
General revenues:						
Property taxes	21,024,450	18,410,622	-	-	21,024,450	18,410,622
Other taxes	11,217,605	10,305,493	-	-	11,217,605	10,305,493
Other	1,288,902	1,109,396	267,852	251,128	1,556,754	1,360,524
Total revenues	45,872,075	47,980,334	34,810,292	32,638,537	80,682,367	80,618,871
Expenses:						
General government	7,428,360	6,783,067	-	-	7,428,360	6,783,067
Public safety	15,011,803	13,017,772	-	-	15,011,803	13,017,772
Public works and streets	22,546,288	15,975,519	-	-	22,546,288	15,975,519
Culture and recreation	4,932,628	4,474,793	-	-	4,932,628	4,474,793
Interest on long-term debt	4,702,063	3,845,854	-	-	4,702,063	3,845,854
Water and wastewater	-	-	21,439,547	19,249,025	21,439,547	19,249,025
Solid waste	-	-	4,359,949	4,124,573	4,359,949	4,124,573
Total Expenses	54,621,142	44,097,005	25,799,496	23,373,598	80,420,638	67,470,603
Change in net position before transfers	(8,749,067)	3,883,329	9,010,796	9,264,939	261,729	13,148,268
Transfers	857,312	314,900	(857,312)	(314,900)	-	-
Change in net position	(7,891,755)	4,198,229	8,153,484	8,950,039	261,729	13,148,268
Net position - October 1, 2015	133,193,354	128,995,125	107,202,539	98,252,500	240,395,893	227,247,625
Net position - September 30, 2016	\$ 125,301,599	\$ 133,193,354	\$ 115,356,023	\$ 107,202,539	\$ 240,657,622	\$ 240,395,893

Revenues

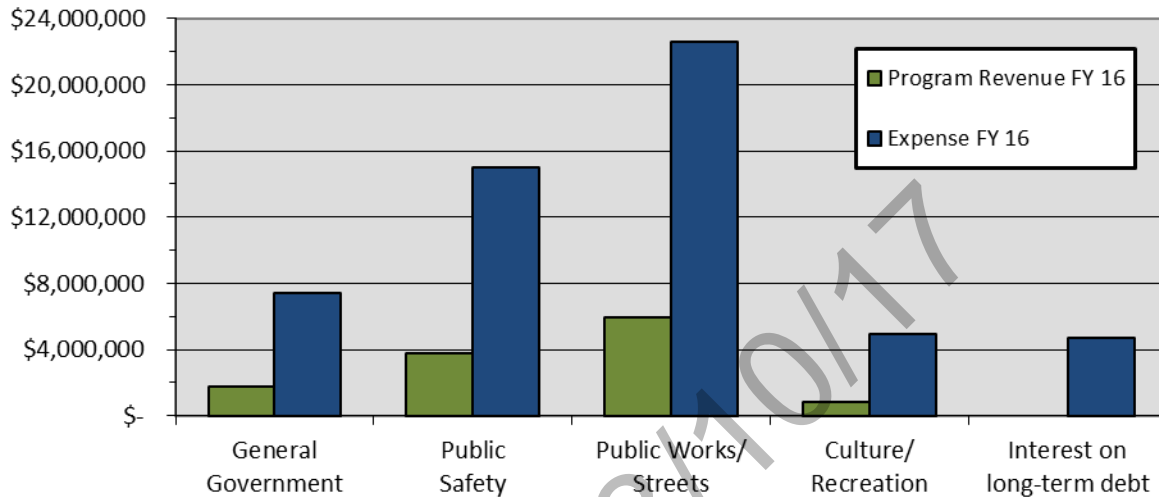
- ❖ Property tax revenue including penalties and interest increased 14.2% (\$2,613,828) during this fiscal year. This is due to an increase in appraised value and a slight increase in the tax rate for debt service.
- ❖ Property tax revenue accounts for 45.8% of total revenues for governmental activities.
- ❖ Assessed valuations increased for the fiscal year by over \$429 million.
- ❖ The ad valorem tax rate for fiscal 2016 was \$0.5405 per \$100 of assessed valuation. This was an increase of \$0.0069 or 1.3% of the prior year rate.
- ❖ Sales tax revenue was \$7.5 million for fiscal year 2016, an increase of 12% over the prior year. Sales tax revenue constitutes 16.5% of the total revenue for governmental activities.
- ❖ Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled nearly \$3.67 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 \$12.3 million. Capital grants and contributions such as infrastructure from developers are the largest components of this revenue category. A portion, \$6.0 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 \$34.5 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 \$9.1 million of revenue during fiscal year 2016.

Revenues by Source – Governmental Activities



Expenses and Program Revenues

Governmental activities. The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled \$14,128,720. Removing depreciation expense, the operating expenditures for governmental activities increased by 33% in fiscal year 2016. The primary reason for this increase was for reimbursement to a developer for capital previously built in the Tax Increment Reinvestment Zone #1.



Business-type activities. Business-type activities increased the City of Pflugerville's net position by \$8.2 million. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers. Charges for services for business-type activities increased 8% during fiscal year 2016 for increased water usage and related service revenues offset by a 10% escalation in expenditures due to the cost to produce additional water.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Pflugerville's governmental funds reported a combined ending fund balance of \$67,421,173, an increase of \$28.1 million in comparison with the fiscal year beginning fund balance. Approximately 20% of this total amount (\$13.8 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for a specific purpose. Funds have been restricted, by law or outside sources, to pay for capital projects (\$45,371,865); debt service (\$2,898,508); and specific programs in the special revenue fund (\$1,301,099). In addition, funds have been committed, by the City Council, to pay for general capital reserve

Financial Analysis of the City's Funds (continued)

projects (\$3,800,141), and specific programs in the general fund (\$146,835) and special revenue fund (\$104,640). Funds have been assigned, by management, for special revenue programs (\$5,278).

The general fund is the chief operating fund of the City of Pflugerville. At the end of the current fiscal year, unassigned fund balance in the general fund was \$13,792,807. 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 50.4% of total general fund expenditures. The City Council has approved a general capital reserve to fund one-time purchases and projects. These funds are committed to that purpose and therefore do not appear as unassigned funds. The Combining Schedules for the general and reserve funds provide additional details and can be found on pages 79-80.

The fund balance of the City of Pflugerville's general fund increased by \$2,611,979 during fiscal year 2016. General fund property tax revenue increased 9.3% from fiscal 2015. This increase is due to an increase in average residential value within the City and growth. Sales tax revenue increased 12% during fiscal 2016 to \$7.5 million as new retail continues to develop within the city.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally or contractually restricted to be expended for specified purposes. These include funds received from various federal and State of Texas agencies for the City's equitable share of proceeds from seized and forfeited property; fees for child safety; fees for training and technology; fees for police services provided to the Pflugerville Independent School District; fees for Public, Educational, and Governmental (PEG) access channels; hotel occupancy tax received; and property tax received from a Tax Increment Reinvestment Zone (TIRZ). The largest portion of both the revenues and expenditures from this fund are related to providing police services to the local school district. However, funds were also spent on equipment for the police department, school crossing guard services, and upgrading PFTV media equipment.

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, 2016, this fund had a total balance of \$2,898,508. The increase in this fund balance was due to additional interest and sinking funds for new debt issues.

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. The increase in fund balance is due to the issuance of bonds to pay for construction related to projects such as: Weiss Lane widening, Heatherwilde Boulevard widening, park development and initial funding for a future sports complex.

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

Unrestricted net position of the Utility Fund at the end of the year amounted to \$15,857,171. The total growth in net position was \$8,153,484. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers, increased revenues and a decrease in liabilities due to payment on outstanding debt.

General Fund Budgetary Highlights

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

The City approved 4 sets of general fund budget amendments during the fiscal year 2016. These amendments increased the overall budgeted expenditures by \$616,822 from the original budget, an increase of 2.2%. This

General Fund Budgetary Highlights (continued)

increase was offset by various revenues received in excess of the original budget, including: property taxes, franchise taxes and a transfer from fund balance.

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, 2016, amounts to \$375,321,165, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, streets, water and wastewater facilities, and infrastructure.

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

- ❖ Pfluger Farm Lane Phase B construction was completed.
- ❖ Construction began on the Heatherwilde Boulevard widening project.
- ❖ 243.7 acres were purchased for the Parks Sports Complex project.
- ❖ Construction began on the Sorento/Carmel lift station and force main.
- ❖ Water Treatment Plant membranes expansion occurred as scheduled.
- ❖ Designs for a variety of road improvements and water and wastewater system improvements are underway.

City of Pflugerville's Capital Assets						
(net of depreciation)						
	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
Land	\$ 11,879,815	\$ 6,679,754	\$ 7,197,044	\$ 6,738,869	\$ 19,076,859	\$ 13,418,623
Service Rights	-	-	250,000	250,000	250,000	250,000
Buildings and improvements	32,017,206	35,028,697	8,870,603	9,333,945	40,887,809	44,362,642
Machinery and equipment	4,755,057	4,631,207	1,091,206	1,014,797	5,846,263	5,646,004
Infrastructure	151,592,987	150,756,239	137,580,983	131,768,995	289,173,970	282,525,234
Construction in progress	10,981,490	3,606,515	9,104,774	4,986,922	20,086,264	8,593,437
Total	\$ 211,226,555	\$ 200,702,412	\$ 164,094,610	\$ 154,093,528	\$ 375,321,165	\$ 354,795,940

The City's financial policies mandate maintenance and repair of the City's capital assets and infrastructure. The City budgets for on-going street maintenance projects in addition to staff costs and other maintenance costs of the street department. Utility infrastructure maintenance is budgeted within the Utility Fund.

Additional information on the City of Pflugerville's capital assets can be found in Note 6 to the financial statements.

Long-term Debt. At September 30, 2016, the City had total bonded debt outstanding of \$222,765,000 secured by the full faith and credit of the government. Of this amount, \$45,266,000 represents General Obligation bonds approved by a vote of the citizens. The remainder represents Certificates of Obligation and limited refunding bonds that support both governmental and business-type (utility) activities.

Capital Asset and Debt Administration (continued)

City of Pflugerville's Outstanding Debt at Year-End

	Governmental activities		Business-type activities		Total	
	2016	2015	2016	2015	2016	2015
General obligation bonds	\$ 45,266,000	\$ 17,730,000	\$ -	\$ -	\$ 45,266,000	\$ 17,730,000
Limited tax refunding bonds	47,155,915	26,042,544	60,208,085	62,242,056	107,364,000	88,284,600
Certificates of obligation	47,815,980	54,942,880	22,319,020	22,652,120	70,135,000	77,595,000
Total	\$ 140,237,895	\$ 98,715,424	\$ 82,527,105	\$ 84,894,176	\$ 222,765,000	\$ 183,609,600

The City of Pflugerville's total debt outstanding increased by \$39,155,400 (21.3%) during the current fiscal year. The key factor in this increase was the issuance of \$52,845,000 of general obligation and refunding bonds and \$16,135,000 of various combination tax and revenue certificates of obligation for infrastructure projects, land acquisition and police software.

The State of Texas limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City of Pflugerville's 2016 debt levy equaled \$0.1740 per \$100 assessed valuation, or 11.6% of the maximum allowed.

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

Economic Factors and Next Year's Budget and Rates

The population of the City of Pflugerville continued a recent pattern of growth. Around the City, commercial and retail centers continue to construct additional phases for future businesses including Picadilly Business Park and the Shops at 685. In addition, the City's entertainment options expanded with the December 2015 opening of Spare Time entertainment center. A variety of new dining options have also opened in the past year.

The Pflugerville Community Development Corporation (PCDC) continues to make concerted marketing efforts to attract more commercial development and employers to the city, especially in the areas fronting SH 130 and SH 45. In June 2016, the City's first hotel, Best Western Plus, opened for guests with a Marriott Courtyard and Conference Center to be completed in 2017. These factors were considered in preparing the City of Pflugerville's budget for the 2017 fiscal year.

The City's largest commercial centers, Stone Hill Town Center and 130 Commerce Park, continue to expand. The second phase of the Mansions at Stone Hill apartments is anticipated to complete construction in early fiscal year 2017. The most recent addition to the 130 Commerce Park is an expansion to the Community Impact headquarters and under construction is a 100,000 square foot manufacturing facility for Cortec Precision Sheetmetal.

The City has increased its water and wastewater capacities to serve the areas in the State Highway 130 growth corridor. FY 2017 will continue to focus on water and wastewater capacities with ongoing projects in design or construction. Several roadway construction projects are underway and anticipated to be completed in FY 2017 including Heatherwilde Boulevard and East Pecan Street.

Economic Factors and Next Year's Budget and Rates (continued)

The fiscal year adopted 2017 budget is balanced without requiring a transfer from fund balance. The budgeting process focused on lean government operations. The prevailing economic environment significantly affected the planned expenditures and anticipated revenues during the coming 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
finance@pflugervilletx.gov

DRAFT 3/10/17

BASIC FINANCIAL STATEMENTS

DRAFT 3/10/17



City of Pflugerville, Texas
Statement of Net Position
September 30, 2016

	PRIMARY GOVERNMENT			COMPONENT UNIT
	GOVERNMENTAL ACTIVITIES	BUSINESS-TYPE ACTIVITIES	TOTAL	PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
ASSETS				
Cash and cash equivalents	\$ 22,499,236	\$ 16,358,389	\$ 38,857,625	\$ 2,238,475
Restricted investments	49,562,636	22,272,588	71,835,224	-
Receivables (net of allowance)	3,121,681	3,344,672	6,466,353	859,187
Investments in direct financing lease	-	-	-	24,156,671
Internal balances	326,779	(326,779)	-	-
Due from component unit	36,320	-	36,320	-
Capital assets, not being depreciated				
Land	11,879,815	7,197,044	19,076,859	6,171,472
Service rights	-	250,000	250,000	-
Construction in progress	10,981,490	9,104,774	20,086,264	-
Capital assets, net of depreciation				
Buildings and improvements, net	32,017,206	8,870,603	40,887,809	125,528
Machinery and equipment, net	4,755,057	1,091,206	5,846,263	11,408
Infrastructure and system, net	151,592,987	137,580,983	289,173,970	-
TOTAL ASSETS	286,773,207	205,743,480	492,516,687	33,562,741
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows related to pension	3,674,469	545,161	4,219,630	-
Deferred charge for refunding	4,394,580	3,869,634	8,264,214	-
TOTAL DEFERRED OUTFLOWS OF RESOURCES	8,069,049	4,414,795	12,483,844	-
LIABILITIES				
Accounts payable	2,709,129	2,072,189	4,781,318	36,035
Due to primary government	-	-	-	36,320
Wages payable	285,927	44,731	330,658	-
Customer deposits and escrow payable	4,166,155	454,190	4,620,345	98,915
Accrued interest payable	942,667	611,277	1,553,944	-
Non-current liabilities				
Due within one year	3,657,153	2,748,392	6,405,545	3,751,626
Due in more than one year	157,747,554	88,869,005	246,616,559	23,990,909
TOTAL LIABILITIES	169,508,585	94,799,784	264,308,369	27,913,805
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows related to pension	32,072	2,468	34,540	-
TOTAL DEFERRED INFLOWS OF RESOURCES	32,072	2,468	34,540	-
NET POSITION				
Net investment in capital assets	110,465,383	87,522,802	197,988,185	3,447,714
Restricted for capital projects	-	11,976,050	11,976,050	-
Restricted for specific programs	1,301,099	-	1,301,099	-
Restricted for debt service	2,093,869	-	2,093,869	-
Restricted for economic development	-	-	-	2,201,222
Unrestricted	11,441,248	15,857,171	27,298,419	-
TOTAL NET POSITION	\$ 125,301,599	\$ 115,356,023	\$ 240,657,622	\$ 5,648,936

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

City of Pflugerville, Texas
Statement of Activities
Year Ended September 30, 2016

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities				
General government	\$ 7,428,360	\$ 1,582,184	\$ 181,776	\$ -
Public safety	15,011,803	3,693,082	97,317	-
Public works and streets	22,546,288	-	-	5,923,246
Culture and recreation	4,932,628	740,914	97,079	25,520
Interest and fiscal charges	4,702,063	-	-	-
Total governmental activities	54,621,142	6,016,180	376,172	5,948,766
Business-type activities				
Water and wastewater	21,439,547	21,042,006	-	9,112,963
Solid waste	4,359,949	4,387,471	-	-
Total business-type activities	25,799,496	25,429,477	-	9,112,963
TOTAL PRIMARY GOVERNMENT	\$ 80,420,638	\$ 31,445,657	\$ 376,172	\$ 15,061,729
COMPONENT UNIT				
Pflugerville Community Development Corporation	\$ 9,134,728	\$ -	\$ -	\$ -

General revenues

Taxes

Property taxes

Sales taxes

Franchise taxes

Mixed beverage taxes

Hotel taxes

Investment income

Other income

Transfers

Total general revenues and transfers

CHANGE IN NET POSITION

NET POSITION, beginning

NET POSITION, ending

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

Net (Expense) Revenue and Changes in Net Position			COMPONENT UNIT
Primary Government			PFLUGERVILLE COMMUNITY DEVELOPMENT CORPORATION
Governmental Activities	Business - Type Activities	TOTAL	
\$ (5,664,400)	\$ -	\$ (5,664,400)	
(11,221,404)	-	(11,221,404)	
(16,623,042)	-	(16,623,042)	
(4,069,115)	-	(4,069,115)	
(4,702,063)	-	(4,702,063)	
(42,280,024)	-	(42,280,024)	
-	8,715,422	8,715,422	
-	27,522	27,522	
-	8,742,944	8,742,944	
(42,280,024)	8,742,944	(33,537,080)	
			\$ (9,134,728)
21,024,450	-	21,024,450	-
7,549,829	-	7,549,829	3,774,218
3,561,040	-	3,561,040	-
86,543	-	86,543	-
20,193	-	20,193	-
269,601	158,896	428,497	-
1,019,301	108,956	1,128,257	1,089,690
857,312	(857,312)	-	-
34,388,269	(589,460)	33,798,809	4,863,908
(7,891,755)	8,153,484	261,729	(4,270,820)
133,193,354	107,202,539	240,395,893	9,919,756
\$ 125,301,599	\$ 115,356,023	\$ 240,657,622	\$ 5,648,936

City of Pflugerville, Texas

Balance Sheet Governmental Funds September 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
ASSETS					
Cash and investments	\$ 16,972,624	\$ 1,360,457	\$ -	\$ 4,166,155	\$ 22,499,236
Taxes receivable	1,912,922	-	138,028	-	2,050,950
Other receivables	790,445	280,286	-	-	1,070,731
Due from other funds	336,067	-	2,073	-	338,140
Due from component unit	36,320	-	-	-	36,320
Restricted investments	-	-	2,896,435	46,666,201	49,562,636
TOTAL ASSETS	\$ 20,048,378	\$ 1,640,743	\$ 3,036,536	\$ 50,832,356	\$ 75,558,013
LIABILITIES					
Accounts payable	\$ 1,222,866	\$ 191,927	\$ -	\$ 1,294,336	\$ 2,709,129
Wages payable	257,416	28,511	-	-	285,927
Due to other funds	2,073	9,288	-	-	11,361
Escrow payable	-	-	-	4,166,155	4,166,155
TOTAL LIABILITIES	1,482,355	229,726	-	5,460,491	7,172,572
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	826,240	-	138,028	-	964,268
TOTAL DEFERRED INFLOWS OF RESOURCES	826,240	-	138,028	-	964,268
FUND BALANCES					
Restricted for					
Debt service	-	-	2,898,508	-	2,898,508
Capital projects	-	-	-	45,371,865	45,371,865
Specific programs	-	1,301,099	-	-	1,301,099
Committed for					
General capital reserve	3,800,141	-	-	-	3,800,141
Specific programs	146,835	104,640	-	-	251,475
Assigned for					
Specific programs	-	5,278	-	-	5,278
Unassigned	13,792,807	-	-	-	13,792,807
TOTAL FUND BALANCES	17,739,783	1,411,017	2,898,508	45,371,865	67,421,173
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 20,048,378	\$ 1,640,743	\$ 3,036,536	\$ 50,832,356	\$ 75,558,013

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

City of Pflugerville, Texas

Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position September 30, 2016

Fund balances of governmental funds	\$ 67,421,173
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.	211,226,555
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(140,237,895)
The net OPEB obligation will not be liquidated with current financial resources and therefore has not been included in the fund financial statements.	(570,132)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	(618,313)
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.	(942,667)
Premiums and discounts on bond issuances are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	(10,289,722)
Net pension liability, and the related deferred outflows and inflows of resources, are not due and payable in the current period, therefore have not been included in the fund financial statements.	(6,046,248)
Deferred charge on bond refunding is recognized in the fund financial statements when bonds are issued but is capitalized and amortized in the government wide financial statements over the life of the bonds.	4,394,580
Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	964,268
Net position of governmental activities	\$ 125,301,599

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

City of Pflugerville, Texas
Statement of Revenues, Expenditures and
Changes in Fund Balances
Governmental Funds
Year Ended September 30, 2016

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
REVENUES					
Taxes					
Property	\$ 13,621,563	\$ 615,525	\$ 6,708,728	\$ -	\$ 20,945,816
Sales	7,549,829	-	-	-	7,549,829
Franchise	3,438,162	122,878	-	-	3,561,040
Mixed beverage	86,543	-	-	-	86,543
Hotel	-	20,193	-	-	20,193
Licenses and permits	1,592,125	62,286	-	-	1,654,411
Intergovernmental	521,071	2,272,248	782,689	98,635	3,674,643
Fines and forfeitures	1,066,935	123,905	-	-	1,190,840
Investment income	70,676	2,348	104,726	91,851	269,601
Charges for services	572,405	-	-	-	572,405
Deutschen Pfest income	-	105,808	-	-	105,808
Other income	240,236	12,397	-	-	252,633
TOTAL REVENUES	28,759,545	3,337,588	7,596,143	190,486	39,883,762
EXPENDITURES					
Current					
General government	6,633,243	196,870	-	-	6,830,113
Public safety	11,840,404	2,176,247	-	-	14,016,651
Public works and streets	3,768,194	-	-	-	3,768,194
Cultural and recreation	3,719,578	154,754	-	-	3,874,332
Debt service					
Agent fees/issuance costs	-	-	257,871	547,088	804,959
Interest	-	-	3,794,147	-	3,794,147
Principal retirement	-	-	3,002,929	-	3,002,929
Capital outlay	1,419,101	168,421	-	24,031,647	25,619,169
TOTAL EXPENDITURES	27,380,520	2,696,292	7,054,947	24,578,735	61,710,494
Excess (deficiency) of revenues over (under) expenditures	1,379,025	641,296	541,196	(24,388,249)	(21,826,732)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(71,855)	-	(208,990)	(280,845)
Transfers in	1,136,920	1,237	-	-	1,138,157
Proceeds from sale of capital assets	49,651	-	-	-	49,651
Premium on issuance of bonds	-	-	3,936,386	2,943,388	6,879,774
Issuance of bonds	-	-	22,645,000	46,335,000	68,980,000
Payment to refunding escrow agent	-	-	(26,928,457)	-	(26,928,457)
Insurance recoveries	46,383	-	-	-	46,383
TOTAL OTHER FINANCING SOURCES (USES)	1,232,954	(70,618)	(347,071)	49,069,398	49,884,663
NET CHANGE IN FUND BALANCES	2,611,979	570,678	194,125	24,681,149	28,057,931
FUND BALANCES, beginning of year	15,127,804	840,339	2,704,383	20,690,716	39,363,242
FUND BALANCES, end of year	\$ 17,739,783	\$ 1,411,017	\$ 2,898,508	\$ 45,371,865	\$ 67,421,173

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

City of Pflugerville, Texas

Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities Year Ended September 30, 2016

Net change in fund balances - total governmental funds	\$ 28,057,931
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. Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of removing the loss on capital asset disposals is to decrease net position.	18,968,875
The City received street infrastructure contributed by developers. These contributions increase net position.	5,824,611
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.	(14,128,720)
In the statement of activities, only the gain or loss on sale of capital assets is reported. However, in governmental funds, the proceeds from the sale increases financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the capital asset sold.	(140,623)
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as increases in long-term debt in the government-wide financial statements.	(68,980,000)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.	27,457,529
Increases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(91,190)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position.	(177,576)
Increases to liabilities for OPEB are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.	(61,398)
Some revenues and expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as either expenditures or revenues in governmental funds:	
Current year change in bond premiums and discounts	(6,675,625)
Current year change in deferred charge on refunding	2,344,327
Expenditures related to the City's participation in the Texas Municipal Retirement System are recorded as they are paid in the governmental funds, but are recognized based on the change in net pension liability in the statement of activities.	(407,215)
Revenues from property taxes (\$78,633) and court fines (\$38,685) 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.	117,319
Change in net position of governmental activities	<u>\$ (7,891,755)</u>

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

City of Pflugerville, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balance – Budget and Actual
General Fund
Year Ended September 30, 2016

	<u>Budgeted Amounts</u>		<u>Budgetary Basis</u>	<u>Variance with Final Budget - Positive (Negative)</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	
REVENUES				
Taxes				
Property	\$ 13,537,325	\$ 13,619,499	\$ 13,621,563	\$ 2,064
Sales	7,013,000	7,013,000	7,549,829	536,829
Franchise	3,130,000	3,230,000	3,438,162	208,162
Mixed beverage	79,622	79,622	86,543	6,921
Licenses and permits	1,071,500	1,089,000	1,592,125	503,125
Intergovernmental/grants	423,000	455,158	521,071	65,913
Fines and forfeitures	1,042,508	1,042,508	1,066,935	24,427
Investment income	12,000	42,000	70,676	28,676
Charges for services	497,500	497,500	572,405	74,905
Other income	117,000	117,000	240,236	123,236
TOTAL REVENUES	26,923,455	27,185,287	28,759,545	1,574,258
EXPENDITURES				
Current				
General government	7,312,531	6,922,757	6,606,046	316,711
Public safety	12,005,026	12,101,827	11,685,568	416,259
Public works and streets	4,642,282	5,110,083	3,724,584	1,385,499
Cultural and recreation	3,849,378	3,910,095	3,719,578	190,517
Capital outlay	374,239	755,516	811,944	(56,428)
TOTAL EXPENDITURES	28,183,456	28,800,278	26,547,720	2,252,558
Excess (deficiency) of revenues over (under) expenditures	(1,260,001)	(1,614,991)	2,211,825	3,826,816
OTHER FINANCING SOURCES (USES)				
Transfers out to Reserve Funds	-	-	(1,873,522)	(1,873,522)
Transfers in	1,261,200	1,596,397	1,136,920	(459,477)
Proceeds from sale of capital assets	2,000	2,000	49,651	47,651
Insurance recoveries	-	19,793	46,383	26,590
TOTAL OTHER FINANCING SOURCES (USES)	1,263,200	1,618,190	(640,568)	(2,258,758)
NET CHANGE IN FUND BALANCES	3,199	3,199	1,571,257	1,568,058
FUND BALANCES, beginning of year	12,221,550	12,221,550	12,221,550	-
FUND BALANCES, end of year, budgetary basis	\$ 12,224,749	\$ 12,224,749	\$ 13,792,807	\$ 1,568,058

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

City of Pflugerville, Texas
Statement of Net Position
Proprietary Funds
September 30, 2016

	<u>Enterprise Fund</u>
	<u>Utility</u>
ASSETS	
CURRENT ASSETS	
Cash and investments	\$ 16,358,389
Restricted cash and investments	498,694
Accounts receivable, net	3,344,672
Total current assets	20,201,755
NON-CURRENT ASSETS	
Restricted cash and investments	
Bond accounts	9,797,844
Impact fees	11,976,050
Capital assets	
Land	7,197,044
Service rights	250,000
Buildings and improvements	13,910,287
Equipment	4,368,241
Infrastructure and system	185,389,289
Construction in progress	9,104,774
Less accumulated depreciation	(56,125,025)
Total capital assets, net of accumulated depreciation	164,094,610
Total non-current assets	185,868,504
TOTAL ASSETS	206,070,259
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge for refunding	3,869,634
Deferred outflows related to pension	545,161
Total deferred outflows of resources	4,414,795
LIABILITIES	
CURRENT LIABILITIES	
Accounts payable	2,072,189
Wages payable	44,731
Compensated absences payable	11,882
Due to other funds	326,779
Customer deposits	454,190
Accrued interest payable	611,277
Bonds payable - current	2,736,510
Total current liabilities	6,257,558
NON-CURRENT LIABILITIES	
Bonds payable	87,284,875
Net pension liability	1,428,004
Compensated absences payable	47,529
Net OPEB obligation	108,597
Total non-current liabilities	88,869,005
TOTAL LIABILITIES	95,126,563
DEFERRED INFLOWS OF RESOURCES	
Deferred inflows related to pension	2,468
NET POSITION	
Net investment in capital assets	87,522,802
Restricted for capital projects	11,976,050
Unrestricted	15,857,171
TOTAL NET POSITION	<u>\$ 115,356,023</u>

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

City of Pflugerville, Texas
Statement of Revenues, Expenses
and Changes in Net Position
Proprietary Funds
Year Ended September 30, 2016

	<u>Enterprise Fund</u>
	<u>Utility</u>
OPERATING REVENUES	
Charges for sales and services	
Water sales	\$ 14,445,893
Wastewater sales	6,596,113
Solid waste sales	4,387,471
Other income	108,956
Total operating revenues	25,538,433
OPERATING EXPENSES	
Utility administration	3,995,194
Water operations	7,045,515
Wastewater operations	2,189,830
Solid waste operations	4,359,949
Depreciation	4,438,124
Total operating expenses	22,028,612
OPERATING INCOME	3,509,821
NONOPERATING REVENUES (EXPENSES)	
Investment income	158,896
Interest expense and fees	(3,658,167)
Loss on disposal of capital assets	(112,717)
Total nonoperating revenues (expenses)	(3,611,988)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(102,167)
Capital contributions	9,112,963
Transfers out	(857,312)
CHANGE IN NET POSITION	8,153,484
NET POSITION, beginning of year	107,202,539
NET POSITION, end of year	<u>\$ 115,356,023</u>

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

City of Pflugerville, Texas
Statement of Cash Flows
Proprietary Funds
Year Ended September 30, 2016

	Enterprise Fund Utility
CASH FLOWS FROM OPERATING ACTIVITIES	
Receipts from customers	\$ 25,637,373
Payments to or on behalf of employees	(3,196,421)
Payments to suppliers	(14,125,370)
Net cash provided by operating activities	8,315,582
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES	
Payments from other funds	69,789
Payments to other funds	(857,312)
Net cash used in non-capital financing activities	(787,523)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES	
Acquisition of capital assets	(11,064,632)
Capital contributions	5,624,389
Proceeds from sale of capital assets	1,283
Principal paid on bonds	(2,367,071)
Interest paid on bonds	(3,953,746)
Net cash used in capital and related financing activities	(11,759,777)
CASH FLOWS FROM INVESTING ACTIVITIES	
Redemption of investments	4,250,808
Interest received	158,896
Net cash provided by investing activities	4,409,704
NET CHANGE IN CASH AND CASH EQUIVALENTS	177,986
CASH AND CASH EQUIVALENTS, beginning of year	881,530
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 1,059,516</u>
RECONCILIATION TO STATEMENT OF NET POSITION	
Cash and cash equivalents	\$ 1,059,516
Investments	37,571,461
Total cash and cash equivalents	<u>\$ 38,630,977</u>
REPORTED AS	
Cash and investments	\$ 16,358,389
Restricted cash and investments	22,272,588
Total cash and investments	<u>\$ 38,630,977</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES	
Operating income	\$ 3,509,821
Adjustments to reconcile operating income to net cash provided by operating activities	
Depreciation and amortization	4,438,124
Decrease in accounts receivable	132,690
Increase in accounts payable	259,587
(Decrease) in customer deposits	(33,750)
(Decrease) in accrued liabilities	9,110
Net cash provided by operating activities	<u>\$ 8,315,582</u>
NON-CASH INVESTING AND FINANCING ACTIVITIES	
Infrastructure contributed by developers	\$ 3,488,574

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



**NOTES TO
FINANCIAL STATEMENTS**

DRAFT 3/10/17



City of Pflugerville, Texas

Notes to Financial Statements

Note 1. Reporting Entity

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

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

The City's basic financial statements include the accounts of all its operations. The City evaluated whether any other entity should be included in these financial statements. The criteria for including organizations as component units within the City's reporting entity, as set forth in GASB Statement No. 14, *The Financial Reporting Entity*, include whether:

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

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 39 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

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

The Pflugerville Community Development Corporation (PCDC). The City adopted (through the election process) an optional ½ cent sales tax for economic development purposes. The Corporation 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 of Pflugerville. The seven-member Board of Directors is appointed by the City Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf and the City has the ability to impose its will on the Board. Complete financial statements for the PCDC may be obtained at the entity's administrative offices.

City of Pflugerville, Texas

Notes to Financial Statements

Note 2. 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*.

Note 3. 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, 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.

City of Pflugerville, Texas

Notes to Financial Statements

The City reports the following major governmental funds:

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

The Special Revenue Fund is used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted, committed or assigned to expenditures for specified purposes, such as the Deutschen Pfest, Pflugerville Independent School District Police Department, drug seizure funds, grant monies (including CDBG), TIRZ #1, PEG funds, and hotel occupancy taxes.

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

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

The City reports the following major proprietary fund type:

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

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

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

New Accounting Pronouncements

In February 2015, the GASB issued Statement No. 72, "Fair Value Measurement and Application". This statement addresses accounting and financial reporting issues related to fair value measurements. The requirements of this statement are effective for financial statements for periods beginning after June 15, 2015. The City has implemented GASB No. 72 in this annual report.

City of Pflugerville, Texas

Notes to Financial Statements

Note 4. Assets, Liabilities, and Net Position or Equity

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.

Investments

Investments, except for the investment pools, for the City are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost.

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.

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.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position and/or balance sheet 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 refundings – 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 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.

City of Pflugerville, Texas

Notes to Financial Statements

In addition to liabilities, the statement of net position and/or balance sheet 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. The City reports two different deferred inflows of resources:

- Unavailable revenue – The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as inflow 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 years. See Note 7.

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. Contributed assets are recorded at acquisition value on the date received. 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 2015 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	Year(s)
Buildings	30
Utility distribution system	20 - 50
Streets and public domain infrastructure	15 - 50
Improvements	15
Equipment	10

City of Pflugerville, Texas

Notes to Financial Statements

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.

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 compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

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.

Compensated Absences

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

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.

City of Pflugerville, Texas

Notes to Financial Statements

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 tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2016, was \$0.5405 per \$100 of assessed valuation.

Fund Balance

At September 30, 2016, the various fund balance purposes were as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
Restricted					
Debt service	\$ -	\$ -	\$ 2,898,508	\$ -	\$ 2,898,508
Capital projects	-	-	-	45,371,865	45,371,865
Seizure funds	-	202,889	-	-	202,889
Child safety fees	-	153,518	-	-	153,518
LEOSE training	-	20,541	-	-	20,541
Municipal court	-	189,735	-	-	189,735
Bike rodeo	-	1,659	-	-	1,659
Blue Santa	-	12,313	-	-	12,313
National Night Out	-	3,574	-	-	3,574
PEG	-	80,992	-	-	80,992
HOT	-	20,193	-	-	20,193
TIRZ #1	-	615,685	-	-	615,685
Committed					
Capital reserve	3,800,141	-	-	-	3,800,141
Vehicle replacement	146,835	-	-	-	146,835
Deutschen Pfest	-	104,640	-	-	104,640
Assigned					
CERT	-	3,477	-	-	3,477
Citizens on Patrol / Citizens' Police Academy	-	1,801	-	-	1,801
Unassigned	13,792,807	-	-	-	13,792,807
Total fund balances	\$ 17,739,783	\$ 1,411,017	\$ 2,898,508	\$ 45,371,865	\$ 67,421,173

City of Pflugerville, Texas

Notes to Financial Statements

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, 2016, 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.

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.

General Fund Balance Policy

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

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

City of Pflugerville, Texas

Notes to Financial Statements

Utility Fund Balance Policy

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

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

Note 5. Stewardship, Compliance and Accountability

Budgetary Information

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

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

The budget for the General Fund is adopted on a budgetary basis. The budgetary comparison schedule presented in this report is also on a budgetary basis. The primary adjustment to generally accepted accounting principles (GAAP) is removal of budgeted fund balance transfers. Formal budget integration is employed as a management control device during the year for the General Fund. The City Manager is authorized to transfer budgeted amounts of operation and maintenance line items within a department. Any revisions that alter the total expenditures or the capital outlays of any fund must be approved by the City Council.

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

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

City of Pflugerville, Texas

Notes to Financial Statements

Note 6. Detailed Notes on All Funds

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, 2016, 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.

The City's cash and investment balances, weighted average maturity of investments, and credit risk of investments are as follows, at September 30, 2016:

	Carrying Value	Weighted Average Maturity (Days)
Investments measured at amortized cost		
Investment Pools		
TexPool	\$ 27,210,738	45
Lone Star	81,437,881	48
Total investments	108,648,619	47
Cash		
Petty cash	2,249	
Deposits with financial institutions	2,041,981	
Total cash and investments	\$ 110,692,849	

Investment Pools are measured at amortized cost and are exempt from fair value reporting.

Lone Star Investment Pool. The Lone Star Investment Pool Corporate Overnight Fund (the Funds) state investments at amortized cost, which approximates fair value, to report net position for purposes of computing share prices. Accordingly, the fair values of the positions in the pools are essentially the same as the value of the shares in each pool.

City of Pflugerville, Texas

Notes to Financial Statements

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

TexPool. 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.

The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at TexPool Participant Services, c/o Federated Investors Inc., 1001 Texas Avenue, Suite 1400, Houston, Texas 77002. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's office.

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, 2016, the City's investments in Lone Star and TexPool were both rated AAAM by Standard & Poor's.

City of Pflugerville, Texas

Notes to Financial Statements

Capital Assets

A summary of changes in capital assets follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Primary government				
Governmental activities				
Capital assets not being depreciated				
Land	\$ 6,679,754	\$ 5,200,061	\$ -	\$ 11,879,815
Construction in progress	3,606,515	12,459,231	(5,084,256)	10,981,490
Total assets not being depreciated	10,286,269	17,659,292	(5,084,256)	22,861,305
Capital assets being depreciated				
Buildings and improvements	65,562,708	502,608	-	66,065,316
Machinery and equipment	11,292,612	1,144,236	(468,471)	11,968,377
Infrastructure	309,516,172	10,571,606	-	320,087,778
Total capital assets				
being depreciated	386,371,492	12,218,450	(468,471)	398,121,471
Less accumulated depreciation				
Buildings and improvements	30,534,011	3,514,099	-	34,048,110
Machinery and equipment	6,661,405	879,763	(327,848)	7,213,320
Infrastructure	158,759,933	9,734,858	-	168,494,791
Total accumulated depreciation	195,955,349	14,128,720	(327,848)	209,756,221
Total capital assets being depreciated, net	190,416,143	(1,910,270)	(140,623)	188,365,250
Governmental activities capital assets, net	\$ 200,702,412	\$ 15,749,022	\$ (5,224,879)	\$ 211,226,555
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities				
Capital assets not being depreciated				
Land	\$ 6,738,869	\$ 458,175	\$ -	\$ 7,197,044
Service rights	250,000	-	-	250,000
Construction in progress	4,986,922	9,512,052	(5,394,200)	9,104,774
Total assets not being depreciated	11,975,791	9,970,227	(5,394,200)	16,551,818
Capital assets being depreciated				
Buildings and improvements	13,910,287	-	-	13,910,287
Machinery and equipment	4,062,389	322,524	(16,672)	4,368,241
Infrastructure	175,877,134	9,654,655	(142,500)	185,389,289
Total capital assets being depreciated	193,849,810	9,977,179	(159,172)	203,667,817
Less accumulated depreciation				
Buildings and improvements	4,576,342	463,342	-	5,039,684
Equipment	3,047,592	246,115	(16,672)	3,277,035
Infrastructure	44,108,139	3,728,667	(28,500)	47,808,306
Total accumulated depreciation	51,732,073	4,438,124	(45,172)	56,125,025
Total capital assets being depreciated, net	142,117,737	5,539,055	(114,000)	147,542,792
Business-type activities capital assets, net	\$ 154,093,528	\$ 15,509,282	\$ (5,508,200)	\$ 164,094,610

City of Pflugerville, Texas

Notes to Financial Statements

	Beginning Balance	Additions	Deletions	Ending Balance
Discretely presented component unit				
Capital assets not being depreciated				
Land	\$ 6,171,472	\$ -	\$ -	\$ 6,171,472
Construction in progress	6,092,148	-	(6,092,148)	-
Total assets not being depreciated	12,263,620	-	(6,092,148)	6,171,472
Capital assets being depreciated				
Leasehold improvements	226,521	-	-	226,521
Furniture and equipment	48,719	-	-	48,719
Total capital assets being depreciated	275,240	-	-	275,240
Less accumulated depreciation				
Leasehold improvements	56,688	44,305	-	100,993
Furniture and equipment	31,105	6,206	-	37,311
Total accumulated depreciation	87,793	50,511	-	138,304
Total capital assets being depreciated, net	187,447	(50,511)	-	136,936
Discretely presented component unit activities capital assets, net	\$ 12,451,067	\$ (50,511)	\$ (6,092,148)	\$ 6,308,408

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

Governmental activities	
General government	\$ 339,660
Public safety	688,432
Public works	12,348,884
Culture and recreation	751,744
Total depreciation expense - governmental activities	\$ 14,128,720
Business-type activities	
Water and sewer	\$ 4,438,124

City of Pflugerville, Texas

Notes to Financial Statements

Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of and for the year ended September 30, 2016, is as follows:

Payable Fund	Receivable Fund	Amount	Purpose
Special revenue	General	\$ 9,288	Transfer for payables and CDBG
General	Debt service	2,073	Transfer property taxes
Utility	General	326,779	Transfer for payables
Transfers in	Transfers out	Amount	Purpose
General	Utility	\$ 857,312	Management fee and contribution to general fund
General	Special revenue	71,855	Contribution to general fund
General	Capital projects	207,753	Management fee
Special revenue	Capital projects	1,237	Contribution to special revenue fund

Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2016:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	\$ 98,715,424	\$ 68,980,000	\$ (27,457,529)	\$ 140,237,895	\$ 3,533,490
Premium on bond issuance	3,832,732	6,879,774	(259,627)	10,452,879	-
Discount on bonds	(218,635)	-	55,478	(163,157)	-
Compensated absences	527,123	196,615	(105,425)	618,313	123,663
Net pension liability	7,406,199	2,282,446	-	9,688,645	-
Net OPEB obligation	508,734	61,398	-	570,132	-
Governmental activities long-term liabilities	110,771,577	78,400,233	(27,767,103)	161,404,707	3,657,153
Business-type activities					
Utility bonds	84,894,176	-	(2,367,071)	82,527,105	2,736,510
Premium on bond issuance	7,924,668	-	(384,940)	7,539,728	-
Discount on bonds	(47,862)	-	2,414	(45,448)	-
Compensated absences	47,177	21,669	(9,435)	59,411	11,882
Net pension liability	1,086,949	341,055	-	1,428,004	-
Net OPEB obligation	96,902	11,695	-	108,597	-
Business-type activities long-term liabilities	94,002,010	374,419	(2,759,032)	91,617,397	2,748,392
Total long-term debt	\$ 204,773,587	\$ 78,774,652	\$ (30,526,135)	\$ 253,022,104	\$ 6,405,545
Discretely presented component unit					
Notes payable	\$ 29,466,242	\$ -	\$ (1,723,707)	\$ 27,742,535	\$ 3,751,626

Long-term Debt

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

City of Pflugerville, Texas

Notes to Financial Statements

General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2016, are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2017	\$ 3,533,490	\$ 5,656,003	\$ 9,189,493
2018	4,811,532	5,431,872	10,243,404
2019	4,965,051	5,268,847	10,233,898
2020	5,100,749	5,111,568	10,212,317
2021	5,232,481	4,920,955	10,153,436
2022-2026	27,066,448	21,087,940	48,154,388
2027-2031	30,296,800	15,002,656	45,299,456
2032-2036	30,029,250	8,387,509	38,416,759
2037-2041	15,037,900	3,931,190	18,969,090
2042-2046	14,164,194	1,329,892	15,494,086
Total	\$ 140,237,895	\$ 76,128,432	\$ 216,366,327

A summary of tax-supported general obligation debt outstanding at September 30, 2016, follows:

	Purpose
\$10,315,000 Series 2007 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$210,000 to \$1,085,000 through August 1, 2033; interest at 4% to 5%.	
\$ 210,000	Street projects
\$11,500,000 Series 2009 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$220,000 to \$2,655,000 through August 1, 2035; interest at 3% to 5.375%.	
880,000	Streets, construction and drainage
\$3,000,000 Series 2009 Limited Tax Bonds, due in annual installments of \$60,000 to \$700,000 through August 1, 2031; interest at 3.0% to 5.3%.	
240,000	Expansion of Library
\$11,247,600 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$233,850 to \$869,075 through August 1, 2035; interest at 2% to 5%.	
9,804,980	Infrastructure improvements
\$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%.	
1,800,000	Library expansion
\$4,130,000 Series 2010 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$85,000 to \$350,000 through August 1, 2035 and interest at 2 to 4.2%.	
3,705,000	Infrastructure improvements

City of Pflugerville, Texas

Notes to Financial Statements

		Purpose
\$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%.	\$ 9,046,400	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%.	12,761,720	Partial refunding of prior issues 1999, 2002, 2003, and 2004
\$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of \$25,000 to \$310,000 through August 1, 2033 and interest at 2 to 4%.	1,875,000	Library expansion
\$4,600,000 Series 2013 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2 to 4%.	4,350,000	Street projects
\$4,980,000 Series 2014 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at 2 to 4.125%.	4,420,000	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%.	13,853,795	Partial refunding of prior issues 2004, 2005; Streets and Parks projects
\$8,413,300 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at 2 to 5.0%.	8,311,000	Streets and one small parks project
\$8,630,000 Series 2016A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$445,000 through August 1, 2046 and interest at 3% to 4%.	8,630,000	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%.	1,565,000	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%.	52,845,000	Partial refunding of prior issues 2006, 2007 and 2009; Streets and parks projects
Total general obligation debt	<u>\$ 140,237,895</u>	

City of Pflugerville, Texas

Notes to Financial Statements

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.

Utility Debt

A summary of utility debt outstanding at September 30, 2016, follows:

A summary of utility debt outstanding at September 30, 2015, follows:

		Purpose
\$6,542,400 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$110,925 to \$545,925. through August 1, 2035; interest at 2% to 5%.	\$ 5,790,020	Wastewater infrastructure improvements
\$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%.	5,088,600	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%.	45,548,280	Partial refunding of prior issues 2002, 2003, 2003A and 2004
\$10,267,205 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95 to 4.1%.	9,571,205	Refunding prior issues 2004 and 2005
\$16,736,700 Series 2015 Combination Tax and Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2 to 5.0%.	16,529,000	Water and wastewater infrastructure improvements
	<u>\$ 82,527,105</u>	

The annual requirements to retire all Utility Fund bonds, including interest, at September 30, 2016, follows:

Fiscal Year Ending September 30,	Principal	Interest	Total Requirements
2017	\$ 2,736,510	\$ 3,667,661	\$ 6,404,171
2018	2,828,468	3,587,096	6,415,564
2019	2,864,949	3,482,979	6,347,928
2020	2,969,251	3,385,732	6,354,983
2021	3,077,519	3,263,557	6,341,076
2022-2026	15,958,552	14,365,250	30,323,802
2027-2031	23,123,200	10,129,825	33,253,025
2032-2036	21,685,750	4,186,659	25,872,409
2037-2041	3,772,100	1,275,010	5,047,110
2042-2045	3,510,806	373,458	3,884,264
Total	<u>\$ 82,527,105</u>	<u>\$ 47,717,227</u>	<u>\$ 130,244,332</u>

City of Pflugerville, Texas

Notes to Financial Statements

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.

New Bond Issuances

On July 15, 2016, the City issued Limited Tax and Refunding Bonds, Series 2016, of which \$22,645,000 was issued for the purpose of advance refunding \$24,455,000 of the City's Series 2007 and Series 2009 Combination Tax & Revenue Certificates of Obligation and Series 2009 Limited Tax Bonds. The net proceeds were deposited in an irrevocable trust to provide for debt service on the refunded bonds until such time that they are redeemed. Bonds refunded are fully defeased at year end and the associated liabilities have been removed from the financial statements. The City refunded these bonds to reduce its total debt service payments over the next 19 years by approximately \$5,148,000 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$3,966,026.

Discretely Presented Component Unit Debt

The PCDC refunded a loan agreement originally for the purchase of land in the original principal amount of \$7,173,000 at an interest rate of 4.75%. The loan is payable in full on November 26, 2016 to First Star Bank and is secured by a deed of trust on the land.

The PCDC entered into a loan agreement with First Texas Bank to finance leasehold improvements for a sublease. The loan was obtained for \$1,300,000 at an interest rate of 3.75% and matures on May 1, 2019. The loan is secured by an assignment of rent from two leases.

PCDC entered into a loan agreement (the PCDC Bank Loan) February 21, 2014 and subsequently amended in November 2014 to finance the construction of the Hawaiian Falls Water Park, to be drawn down in installments up to \$25 million. The PCDC Bank Loan accrues interest at a fixed rate of 3.95% with monthly payments of principal and interest amortized over a 25-year period and a balloon maturity in five years. The PCDC Bank Loan is payable by PCDC from (i) rent payments to be received by PCDC from Hawaiian Parks as the operator of the Water Park which are to be made in an amount equal to debt service due on the PCDC Bank Loan and (ii) from PCDC's one-half cent Local Sales and Use Tax levied within the City. The City has entered into an agreement under Chapter 380 whereby the City of Pflugerville will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City of Pflugerville other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City.

City of Pflugerville, Texas

Notes to Financial Statements

Debt service requirements of the PCDC for future years are as follows:

Fiscal Year Ending September 30,	Principal	Interest	Total
2017	\$ 3,751,626	\$ 1,001,611	\$ 4,753,237
2018	926,722	943,243	1,869,965
2019	870,655	906,332	1,776,987
2020	22,193,532	418,676	22,612,208
Total	\$ 27,742,535	\$ 3,269,862	\$ 31,012,397

Note 7. Pension Plan

Plan Description

The City participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.org.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent 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.

City of Pflugerville, Texas

Notes to Financial Statements

A summary of plan provisions for the City are as follows:

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

Employees covered by benefit terms

At the December 31, 2015 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	55
Inactive employees entitled to but not yet receiving benefits	138
Active employees	304
	<hr/>
Total	497
	<hr/> <hr/>

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 2016. The contribution rates for the City of Pflugerville were 13.44% and 13.78% in calendar years 2015 and 2016, respectively. The city's contributions to TMRS for the year ended September 30, 2016, were \$2,474,796, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2015, 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, 2015 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

City of Pflugerville, Texas

Notes to Financial Statements

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a three-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to amount for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2015, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7% to 6.75%. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.10%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	3.65%
Real Return	10.0%	4.03%
Real Estate	10.0%	5.00%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	8.00%
Total	100.0%	

City of Pflugerville, Texas

Notes to Financial Statements

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	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at December 31, 2014	\$ 44,955,141	\$ 36,461,993	\$ 8,493,148
Changes for the year			
Service cost	2,748,863	-	2,748,863
Interest	3,209,605	-	3,209,605
Change of benefit terms	-	-	-
Difference between expected and actual experience	(41,827)	-	(41,827)
Changes of assumptions	78,820	-	78,820
Contributions - employer	-	2,222,649	(2,222,649)
Contributions - employee	-	1,129,891	(1,129,891)
Net investment income	-	53,810	(53,810)
Benefit payments, including refund of employee contributions	(956,134)	(956,134)	-
Administrative expense	-	(32,771)	32,771
Other changes	-	(1,619)	1,619
Net changes	5,039,327	2,415,826	2,623,501
Balance at December 31, 2015	\$ 49,994,468	\$ 38,877,819	\$ 11,116,649

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 one-percentage-point lower (5.75%) or one-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	\$ 20,012,545	\$ 11,116,649	\$ 4,017,652

City of Pflugerville, Texas

Notes to Financial Statements

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.org.

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

For the year ended September 30, 2016, the City recognized pension expense of \$2,918,740.

At September 30, 2016, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 74,976	\$ 34,540
Changes in actuarial assumptions	65,088	-
Difference between projected and actual investment earnings	2,247,767	-
Contributions subsequent to the measurement date	1,831,799	-
Total	<u>\$ 4,219,630</u>	<u>\$ 34,540</u>

The amount of \$1,831,799 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, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement Year Ended December 31,

2016	\$ 608,113
2017	608,113
2018	608,113
2019	524,183
2020	4,769
	<u>\$ 2,353,291</u>

Note 8. Postemployment Health Care Benefits

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 five years of service. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the City has 279 active employees and 15 retirees eligible to participate in the plan.

City of Pflugerville, Texas

Notes to Financial Statements

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's coverage ceases when the retiree becomes eligible for Medicare coverage.

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.

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the fiscal year ending September 30, 2016 is as follows:

Annual required contribution (ARC)	\$	93,276
Interest on OPEB obligation		27,254
Adjustment to the ARC		(25,250)
<hr/>		
Annual OPEB cost		95,280
Net estimated employer contributions		(22,187)
<hr/>		
Increase in net OPEB obligation		73,093
Net obligation, beginning of year		605,636
<hr/>		
Net obligation, end of year	\$	678,729

Expenses for post-retirement health care benefits are funded on a pay-as-you-go basis.

The City's annual OPEB cost, the amount contributed by the employer, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for fiscal year ending September 30, 2016 and the preceding two fiscal years were as follows:

Fiscal Year Ended	Trend Information					
	Net Employer Contributions	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Required Contribution	Percentage of ARC Contributed
9/30/2014	\$ 11,595	\$ 88,047	13.2%	\$ 547,850	\$ 86,488	13.4%
9/30/2015	34,588	92,372	37.4%	605,636	90,560	38.2%
9/30/2016	22,187	95,281	23.3%	678,729	93,276	23.8%

City of Pflugerville, Texas

Notes to Financial Statements

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2014 is as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAA)	Funded Ratio	Covered Payroll	UAA as a Percentage of Covered Payroll
12/31/2010	\$ -	\$ 614,779	\$ 614,779	0%	\$ 12,898,447	4.8%
12/31/2012	-	532,642	532,642	0%	13,193,574	4.0%
12/31/2014	-	671,931	671,931	0%	15,009,641	4.5%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial liability exceeding actuarial assets by \$671,931 at December 31, 2014. The schedule of funding progress above presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing relative to the actuarial accrued liability for benefits over time.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

	OPEB
Actuarial valuation date	December 31, 2014
Actuarial Cost Method	Projected unit credit cost method
Amortization Method	Level as a percentage of payroll
Amortization Period	30 years, open period
Asset Valuation Method	Market value
Actuarial Assumptions	
Investment Rate of Return	4.5% net of expenses
Healthcare Cost Trend Rate	Initial rate of 7.25% declining to an ultimate rate of 4.5% after 14 years
Payroll Growth	3.0% per annum
Inflation Rate	3.0% per annum

City of Pflugerville, Texas

Notes to Financial Statements

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Examples include assumptions about future employment, mortality, and the health care cost trends. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The City selects a firm to conduct an independent actuarial valuation of its employer financed health benefits every two years as required by GASB 45. The most recent valuation was performed by the consultant and actuarial firm Gabriel Roeder Smith & Company. A copy of this report can be obtained by writing to the City of Pflugerville, P.O. Box 589, Pflugerville, TX 78691 or by calling 512-990-6100.

Note 9. 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.

Note 10. Commitments and Contingencies

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$5,416,000 for the Capital Projects Fund and \$1,443,000 for the Utility Fund.

City of Pflugerville, Texas

Notes to Financial Statements

On September 28, 2011, the City entered into a lease agreement with the Travis County Emergency Services District No. 2 to lease building space. The lease commenced on October 1, 2011 and runs sixty months. On September 28, 2016, the City renewed this lease for an additional 60 months commencing on October 1, 2016. Rent expense for the year ended September 30, 2016 was \$123,298. Future payments due under the agreement are as follows:

Fiscal Year	
2017	\$ 131,034
2018	131,034
2019	140,221
2020	140,221
2021	149,347
Total	<u>\$ 691,857</u>

The City has entered into an agreement under Chapter 380 whereby the City will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City. See more information in Note 6.

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

Future payments under the agreements are as follows:

Fiscal Year	2009 issue	2013 issue	2014 issue	Total
2017	\$ 186,201	\$ 238,206	\$ 359,981	\$ 784,388
2018	183,333	236,206	361,081	780,620
2019	185,251	233,206	360,081	778,538
2020	181,876	230,206	358,931	771,013
2021	183,501	227,206	362,631	773,338
2022-2026	916,569	1,297,032	1,811,156	4,024,757
2027-2031	920,900	2,452,375	1,805,957	5,179,232
2032-2035	731,213	1,150,976	721,863	2,604,052
Total	<u>\$ 3,488,844</u>	<u>\$ 6,065,413</u>	<u>\$ 6,141,681</u>	<u>\$ 15,695,938</u>

City of Pflugerville, Texas

Notes to Financial Statements

Note 11. Investment in Direct Financing Lease

The PCDC has entered into a direct financing lease with Hawaiian Parks for land and improvements for the Water Park. See Note 6 for information on the related debt. The lease term is twenty-five (25) 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	\$ 27,365,239
Interest earnings	<u>(3,208,568)</u>
Net investment in direct financing lease	<u><u>\$ 24,156,671</u></u>

The scheduled financing lease payments are as follows:

Fiscal Year	Amount
2017	\$ 1,584,316
2018	1,584,316
2019	1,452,290
2020	22,744,317
Less: Interest	<u>(3,208,568)</u>
	<u><u>\$ 24,156,671</u></u>

Note 12. New and Future Financial Reporting Requirements

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

Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions – This statement establishes new accounting and financial reporting requirements for OPEB plans. This statement will become effective for the City in fiscal year 2018.

Statement No. 77, Tax Abatement Disclosures – This statement requires governments that enter into tax abatement agreements to provide certain disclosures regarding these commitments. This statement will become effective for the City in fiscal year 2017.

City of Pflugerville, Texas

Notes to Financial Statements

Note 13. Subsequent Events

PCDC Advance on Debt Service Payments

In January 2017, the City Council approved use of the City funds drawn from an Irrevocable Letter of Credit related to the Arista Project as an advance of the Pflugerville Community Development Corporation's debt reimbursement payments to the City (see Note 10). This \$3,000,000 advance will fund the PCDC's debt service obligations to the City in full through fiscal year 2019 and partially in fiscal year 2020. For 2021 and thereafter, PCDC will be responsible for funding all of its obligations under the Refund Agreement and other agreements.

PCDC Direct Refinancing Lease Restructure

In January 2017, PCDC entered into a board approved agreement with Hawaiian Parks – Pflugerville, LLC (HParks) and Typhoon Waterpark of Pflugerville, LLC (Typhoon), where HParks agreed to enter into an asset purchase agreement with Typhoon, as well as assign its existing ground lease (See Note 11) and operating agreement rights to Typhoon. Typhoon and PCDC agreed to amend and restate the ground lease and operating agreement. During the first two years of the agreement, the annual lease payment will equal the lesser of Typhoon's net income, as defined in the agreement, or the defined lease payment of \$1,150,000.

PCDC Capital One Loan Refinance

In February 2017, the PCDC Board and City Council authorized a refinancing of the loan with Capital One Bank obtained to construct a water and adventure park in the original amount of \$23,500,000 and amended to \$25,000,000 (see Note 6). The proposed 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. The new loan is expected to commence in March 2017, mature in October 2031 and does not include a balloon maturity. Further, under the terms of the proposed loan, the City is no longer obligated to make payments to the lender in the event that PCDC is unable to make payments.



**REQUIRED
SUPPLEMENTAL INFORMATION**

DRAFT 3/10/17



City of Pflugerville, Texas
Required Supplemental Information
Schedule of Changes in Net Pension Liability and Related Ratios
Last Ten Fiscal Years

	Measurement Year	
	2015	2014
Total pension liability		
Service cost	\$ 2,748,863	\$ 2,353,433
Interest	3,209,605	2,884,857
Changes of benefit terms	-	-
Difference between expected and actual experience	(41,827)	112,939
Change in assumptions	78,820	-
Benefit payments, including refunds of employee contributions	(956,134)	(863,241)
Net change in total pension liability	5,039,327	4,487,988
Total pension liability - beginning	44,955,141	40,467,153
Total pension liability - ending (a)	<u>\$ 49,994,468</u>	<u>\$ 44,955,141</u>
Plan fiduciary net position		
Contributions - employer	\$ 2,222,649	\$ 1,958,758
Contributions - employee	1,129,891	1,050,675
Net investment income	53,810	1,858,571
Benefit payments, including refunds of employee contributions	(956,134)	(863,241)
Administrative expense	(32,771)	(19,398)
Other	(1,619)	(1,595)
Net change in plan fiduciary net position	2,415,826	3,983,770
Plan fiduciary net position - beginning	36,461,993	32,478,223
Plan fiduciary net position - ending (b)	<u>38,877,819</u>	<u>36,461,993</u>
Net pension liability - ending (a) - (b)	<u>\$ 11,116,649</u>	<u>\$ 8,493,148</u>
Plan fiduciary net position as a percentage of total pension liability	77.76%	81.11%
Covered employee payroll	\$ 16,141,296	\$ 15,009,641
Net pension liability as a percentage of covered employee payroll	68.87%	56.58%

Note: GASB 68 requires ten fiscal years of data to be provided in this schedule. This schedule will be added to annually over the next ten year period.

City of Pflugerville, Texas

Required Supplemental Information

Texas Municipal Retirement System – Schedule of Contributions

Last Ten Fiscal Years

	Measurement Year	
	2015	2014
Actuarially determined contributions	\$ 2,243,633	\$ 1,958,758
Actual contributions	(2,243,633)	(1,958,758)
Contributions deficiency (excess)	\$ -	\$ -
City covered employee payroll	\$ 16,141,296	\$ 15,009,641
Ratio of actual contributions to covered payroll amount	13.90%	13.05%

Note: GASB 68 requires ten fiscal years of data to be provided in this schedule. This schedule will be added to annually over the next 10-year period.

Notes to Schedule of Contributions

Actuarial determined contribution rates are calculated as of December 31 and become effective 13 months later in January.

Methods and Assumptions Used to Determine Contribution Rates for the December 31, 2015 valuation:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, closed
Remaining Amortization Period	30 years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.5% to 10.5% including inflation
Investment Rate of Return	6.75%

Retirement Age – Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 – 2014.

Mortality – RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

There were no benefit changes during the year.

COMBINING SCHEDULES

DRAFT 3/19/17



City of Pflugerville, Texas
Combining Balance Schedule
General Fund – Subfunds
September 30, 2016

	GENERAL	RESERVE FUNDS	TOTALS
ASSETS			
Cash and investments	\$ 12,990,725	\$ 3,981,899	\$ 16,972,624
Taxes receivable	1,912,922	-	1,912,922
Other receivables	790,445	-	790,445
Due from other funds	336,067	-	336,067
Due from component unit	36,320	-	36,320
TOTAL ASSETS	\$ 16,066,479	\$ 3,981,899	\$ 20,048,378
LIABILITIES			
Accounts payable	\$ 1,187,943	\$ 34,923	\$ 1,222,866
Wages payable	257,416	-	257,416
Due to other funds	2,073	-	2,073
TOTAL LIABILITIES	1,447,432	34,923	1,482,355
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	826,240	-	826,240
TOTAL DEFERRED INFLOWS OF RESOURCES	826,240	-	826,240
FUND BALANCES			
Committed for			
General capital reserve	-	3,800,141	3,800,141
Specific programs	-	146,835	146,835
Unassigned	13,792,807	-	13,792,807
TOTAL FUND BALANCES	13,792,807	3,946,976	17,739,783
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES AND FUND BALANCES	\$ 16,066,479	\$ 3,981,899	\$ 20,048,378

City of Pflugerville, Texas
Combining Schedule of Revenues, Expenditures
and Changes in Fund Balances
General Fund – Subfunds
For the Year Ended September 30, 2016

	GENERAL	RESERVE FUNDS	TOTALS
REVENUES			
Taxes			
Property	\$ 13,621,563	\$ -	\$ 13,621,563
Sales	7,549,829	-	7,549,829
Franchise	3,438,162	-	3,438,162
Mixed beverage	86,543	-	86,543
Licenses and permits	1,592,125	-	1,592,125
Intergovernmental	521,071	-	521,071
Fines and forfeitures	1,066,935	-	1,066,935
Investment income	70,676	-	70,676
Charges for services	572,405	-	572,405
Other income	240,236	-	240,236
TOTAL REVENUES	28,759,545	-	28,759,545
EXPENDITURES			
Current			
General government	6,606,046	27,197	6,633,243
Public safety	11,685,568	154,836	11,840,404
Public works and streets	3,724,584	43,610	3,768,194
Cultural and recreation	3,719,578	-	3,719,578
Capital outlay	811,944	607,157	1,419,101
TOTAL EXPENDITURES	26,547,720	832,800	27,380,520
Excess (deficiency) of revenues over (under) expenditures	2,211,825	(832,800)	1,379,025
OTHER FINANCING SOURCES (USES)			
Transfers in(out) - intrafund	(1,873,522)	1,873,522	-
Transfers in	1,136,920	-	1,136,920
Proceeds from sale of capital assets	49,651	-	49,651
Insurance recoveries	46,383	-	46,383
TOTAL OTHER FINANCING SOURCES (USES)	(640,568)	1,873,522	1,232,954
NET CHANGE IN FUND BALANCES	1,571,257	1,040,722	2,611,979
FUND BALANCES, beginning of year	12,221,550	2,906,254	15,127,804
FUND BALANCES, end of year, budgetary basis	\$ 13,792,807	\$ 3,946,976	\$ 17,739,783

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 government's overall financial health.

Contents	Page
Financial Trends	85
<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>	
Revenue Capacity	92
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.</i>	
Debt Capacity	99
<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>	
Demographic and Economic Information	104
<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>	
Operating Information	108
<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>	

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



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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities										
Net Investment in Capital Assets	\$ 156,133	\$ 159,687	\$ 153,437	\$ 149,792	\$ 143,269	\$ 132,428	\$ 121,820	\$ 119,082	\$ 121,114	\$ 110,465
Restricted	1,242	2,100	1,849	1,508	1,636	2,414	2,460	2,691	2,804	3,395
Unrestricted	8,188	6,756	10,961	9,637	11,622	12,255	12,013	13,905	9,276	11,441
Total governmental activities net position	<u>\$ 165,563</u>	<u>\$ 168,544</u>	<u>\$ 166,246</u>	<u>\$ 160,937</u>	<u>\$ 156,527</u>	<u>\$ 147,097</u>	<u>\$ 136,293</u>	<u>\$ 135,678</u>	<u>\$ 133,193</u>	<u>\$ 125,302</u>
Business-type activities										
Net Investment in Capital Assets	\$ 53,876	\$ 58,301	\$ 61,139	\$ 64,633	\$ 69,065	\$ 69,870	\$ 73,042	\$ 82,043	\$ 81,232	\$ 87,523
Restricted	11,462	10,403	9,578	7,354	6,679	6,569	6,091	8,842	11,281	11,976
Unrestricted	9,108	9,798	10,145	9,061	10,089	12,675	14,048	13,596	14,689	15,857
Total business-type activities net position	<u>\$ 74,445</u>	<u>\$ 78,502</u>	<u>\$ 80,863</u>	<u>\$ 81,047</u>	<u>\$ 85,833</u>	<u>\$ 89,115</u>	<u>\$ 93,180</u>	<u>\$ 104,481</u>	<u>\$ 107,203</u>	<u>\$ 115,356</u>
Primary government										
Net Investment in Capital Assets	\$ 210,009	\$ 217,988	\$ 214,577	\$ 214,425	\$ 212,334	\$ 202,298	\$ 194,862	\$ 201,125	\$ 202,346	\$ 197,988
Restricted	12,704	12,503	11,427	8,862	8,315	8,983	8,551	11,533	14,085	15,371
Unrestricted	17,296	16,555	21,106	18,698	21,711	24,930	26,061	27,501	23,965	27,298
Total primary government net position	<u>\$ 240,008</u>	<u>\$ 247,045</u>	<u>\$ 247,109</u>	<u>\$ 241,984</u>	<u>\$ 242,360</u>	<u>\$ 236,211</u>	<u>\$ 229,473</u>	<u>\$ 240,159</u>	<u>\$ 240,396</u>	<u>\$ 240,658</u>

City of Pflugerville
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
Expenses	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Governmental activities:										
General government	\$ 3,789	\$ 4,341	\$ 4,903	\$ 4,925	\$ 6,079	\$ 7,015	\$ 5,315	\$ 6,094	\$ 6,783	\$ 7,428
Public safety	6,560	7,662	9,435	10,598	10,643	11,061	11,639	12,237	13,018	15,012
Public works and streets	9,856	11,423	11,099	13,447	12,047	13,534	13,557	19,772	15,976	22,546
Culture/Recreation	2,905	3,086	3,563	3,610	3,672	3,874	4,375	4,783	4,475	4,933
Interest on long term debt	2,132	2,504	3,005	3,537	3,520	3,343	3,634	3,660	3,846	4,702
Total governmental activities expenses	<u>25,243</u>	<u>29,017</u>	<u>32,005</u>	<u>36,118</u>	<u>35,961</u>	<u>38,826</u>	<u>38,520</u>	<u>46,547</u>	<u>44,097</u>	<u>54,621</u>
Business-type expenses:										
Water and wastewater	15,390	16,467	18,016	16,211	17,744	17,010	18,540	18,751	19,249	21,440
Solid waste	1,734	2,328	2,816	3,273	3,475	3,623	3,767	3,916	4,125	4,360
Total business-type expenses	<u>17,125</u>	<u>18,796</u>	<u>20,832</u>	<u>19,484</u>	<u>21,219</u>	<u>20,633</u>	<u>22,307</u>	<u>22,667</u>	<u>23,374</u>	<u>25,799</u>
Total primary government expenses	<u>\$ 42,367</u>	<u>\$ 47,813</u>	<u>\$ 52,836</u>	<u>\$ 55,602</u>	<u>\$ 57,180</u>	<u>\$ 59,459</u>	<u>\$ 60,827</u>	<u>\$ 69,214</u>	<u>\$ 67,471</u>	<u>\$ 80,421</u>
Program Revenues										
Governmental activities:										
Charges for services:										
General government	\$ 2,003	\$ 1,557	\$ 837	\$ 539	\$ 648	\$ 928	\$ 1,247	\$ 1,586	\$ 1,435	\$ 1,582
Public safety	928	1,447	2,710	2,496	2,788	2,943	2,874	3,049	3,287	3,693
Public works and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	709	744	736	791	737	785	757	717	698	741
Operating grants and contributions	522	150	87	349	283	244	202	479	210	376
Capital grants and contributions	4,469	9,314	3,918	3,275	1,910	3,475	2,882	11,921	12,499	5,949
Total governmental activities program revenues	<u>8,631</u>	<u>13,211</u>	<u>8,290</u>	<u>7,450</u>	<u>6,367</u>	<u>8,374</u>	<u>7,962</u>	<u>17,753</u>	<u>18,129</u>	<u>12,341</u>
Business-type activities:										
Charges for services:										
Water and wastewater	11,756	15,086	16,287	15,574	18,869	17,951	18,258	17,967	19,457	21,042
Solid waste	1,693	2,388	2,856	3,300	3,484	3,622	3,777	3,935	4,112	4,387
Operating grants and contributions	6	-	-	-	-	-	-	-	-	-
Capital grants and contributions	7,823	4,174	4,403	1,184	4,183	3,007	5,834	12,704	8,819	9,113
Total business-type activities program revenues	<u>21,278</u>	<u>21,647</u>	<u>23,546</u>	<u>20,058</u>	<u>26,536</u>	<u>24,580</u>	<u>27,869</u>	<u>34,606</u>	<u>32,387</u>	<u>34,542</u>
Total primary government program revenues	<u>\$ 29,908</u>	<u>\$ 34,858</u>	<u>\$ 31,836</u>	<u>\$ 27,508</u>	<u>\$ 32,903</u>	<u>\$ 32,954</u>	<u>\$ 35,831</u>	<u>\$ 52,359</u>	<u>\$ 50,516</u>	<u>\$ 46,884</u>

Changes in Net Position (cont.)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Net (expense)/revenue										
Governmental activities:	(16,612)	(15,806)	(23,715)	(28,668)	(29,594)	(30,452)	(30,558)	(28,794)	(25,968)	(42,280)
Business-type activities:	4,153	2,852	2,714	574	5,317	3,947	5,563	11,939	9,014	8,743
Total primary government net expense	<u>\$ (12,459)</u>	<u>\$ (12,955)</u>	<u>\$ (21,000)</u>	<u>\$ (28,094)</u>	<u>\$ (24,277)</u>	<u>\$ (26,505)</u>	<u>\$ (24,995)</u>	<u>\$ (16,855)</u>	<u>\$ (16,955)</u>	<u>\$ (33,537)</u>
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	\$ 9,637	\$ 11,753	\$ 15,271	\$ 16,261	\$ 16,940	\$ 17,005	\$ 17,040	\$ 17,356	\$ 18,411	\$ 21,024
Sales taxes	2,399	2,764	3,213	3,364	3,898	4,419	4,833	5,658	6,736	7,550
Franchise taxes	1,781	2,131	2,438	2,595	2,999	2,931	2,913	3,323	3,493	3,561
Alcoholic beverage taxes	19	30	26	22	28	24	35	68	76	87
Hotel taxes	-	-	-	-	-	-	-	-	1	20
Investment earnings	931	681	202	86	58	38	32	38	79	270
Other income	263	367	187	736	494	488	356	855	1,057	1,019
Gain on sale of capital assets	1	-	-	9	27	19	39	14	-	-
Transfers	450	500	500	500	700	750	(772)	750	315	857
Total governmental activities	<u>15,481</u>	<u>18,226</u>	<u>21,837</u>	<u>23,574</u>	<u>25,144</u>	<u>25,674</u>	<u>24,477</u>	<u>28,061</u>	<u>30,167</u>	<u>34,388</u>
Business-type activities:										
Investment earnings	1,337	720	147	56	32	25	24	11	55	159
Other income	-	-	-	50	136	50	144	101	135	109
Gain on sale of capital assets	-	5	-	5	-	9	-	-	61	-
Transfers	(450)	(500)	(500)	(500)	(700)	(750)	772	(750)	(315)	(857)
Total business type activities	<u>887</u>	<u>225</u>	<u>(353)</u>	<u>(389)</u>	<u>(532)</u>	<u>(665)</u>	<u>940</u>	<u>(638)</u>	<u>(64)</u>	<u>(589)</u>
Total primary government	<u>\$ 16,368</u>	<u>\$ 18,451</u>	<u>\$ 21,484</u>	<u>\$ 23,185</u>	<u>\$ 24,612</u>	<u>\$ 25,008</u>	<u>\$ 25,417</u>	<u>\$ 27,423</u>	<u>\$ 30,103</u>	<u>\$ 33,799</u>
Change in Net Position										
Governmental activities	\$ (1,131)	\$ 2,420	\$ (1,877)	\$ (5,093)	\$ (4,451)	\$ (4,778)	\$ (6,081)	\$ (733)	\$ 4,198	\$ (7,892)
Business-type activities	5,040	3,077	2,361	184	4,786	3,282	6,502	11,301	8,950	8,153
Total primary government	<u>\$ 3,909</u>	<u>\$ 5,497</u>	<u>\$ 484</u>	<u>\$ (4,909)</u>	<u>\$ 335</u>	<u>\$ (1,497)</u>	<u>\$ 422</u>	<u>\$ 10,568</u>	<u>\$ 13,148</u>	<u>\$ 262</u>

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

	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	8,068	7,838	9,398	7,897	-	-	-	-	-	-
Committed	-	-	-	-	2,765	1,592	2,432	2,624	2,906	3,947
Unassigned	-	-	-	-	6,844	8,961	9,513	11,154	12,222	13,793
Total general fund	<u>\$ 8,068</u>	<u>\$ 7,838</u>	<u>\$ 9,398</u>	<u>\$ 7,897</u>	<u>\$ 9,609</u>	<u>\$ 10,553</u>	<u>\$ 11,945</u>	<u>\$ 13,778</u>	<u>\$ 15,128</u>	<u>\$ 17,740</u>
All other governmental funds										
Reserved	\$ 2,712	\$ 1,744	\$ 1,723	\$ 2,070	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:										
Special revenue funds	260	292	280	371	-	-	-	-	-	-
Capital projects funds	-	7,427	14,863	18,594	-	-	-	-	-	-
Restricted	-	-	-	-	18,956	12,788	11,516	6,705	24,152	49,571
Committed	-	-	-	-	50	116	164	214	78	105
Assigned	-	-	-	-	-	10	5	6	5	5
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	<u>\$ 2,972</u>	<u>\$ 9,463</u>	<u>\$ 16,866</u>	<u>\$ 21,035</u>	<u>\$ 19,006</u>	<u>\$ 12,913</u>	<u>\$ 11,684</u>	<u>\$ 6,924</u>	<u>\$ 24,235</u>	<u>\$ 49,681</u>
Total fund balances	<u>\$ 11,040</u>	<u>\$ 17,301</u>	<u>\$ 26,264</u>	<u>\$ 28,932</u>	<u>\$ 28,615</u>	<u>\$ 23,466</u>	<u>\$ 23,629</u>	<u>\$ 20,702</u>	<u>\$ 39,363</u>	<u>\$ 67,421</u>

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

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

Fiscal Year	Property Tax	Sales Tax	Franchise Tax	Alcoholic Beverage Tax	Hotel Tax	Total
2007	\$ 9,637,347	\$ 2,398,919	\$ 1,781,396	\$ 18,522	\$ -	\$ 13,836,184
2008	11,753,499	2,763,666	2,130,589	30,145	-	16,677,899
2009	15,270,534	3,213,139	2,438,209	26,256	-	20,948,138
2010	16,261,249	3,363,739	2,595,306	22,286	-	22,242,580
2011	16,939,622	3,897,834	2,998,551	28,324	-	23,864,331
2012	17,005,330	4,418,653	2,930,906	24,070	-	24,378,959
2013	17,040,128	4,833,364	2,913,034	35,467	-	24,821,993
2014	17,356,210	5,658,163	3,322,550	67,504	-	26,404,427
2015	18,410,622	6,735,674	3,492,706	76,020	1,093	28,716,115
2016	21,024,450	7,549,829	3,561,040	86,543	20,193	32,242,055

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

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Revenues										
Taxes	\$ 13,796	\$ 16,713	\$ 20,770	\$ 22,268	\$ 23,862	\$ 24,393	\$ 24,794	\$ 26,364	\$ 28,765	\$ 32,163
Licenses and permits	1,887	1,344	610	588	696	1,009	1,332	1,663	1,541	1,654
Intergovernmental	739	244	3,492	1,618	1,878	1,983	2,261	4,192	3,916	3,675
Fines	918	921	1,053	1,134	1,189	1,316	1,131	1,116	1,129	1,191
Interest income	931	681	202	86	58	38	32	38	79	270
Miscellaneous	1,154	2,047	3,119	2,891	1,185	1,052	835	880	912	931
Total revenues	19,425	21,951	29,246	28,585	28,870	29,792	30,385	34,253	36,343	39,884
Expenditures										
General government	\$ 3,535	\$ 4,184	\$ 4,489	\$ 4,581	\$ 4,824	\$ 4,789	\$ 4,889	\$ 5,880	\$ 6,444	\$ 6,830
Public safety	6,049	7,368	8,889	9,851	9,913	10,324	10,977	11,564	12,348	14,017
Public works and streets	2,234	2,682	1,910	1,787	1,841	2,722	2,725	2,889	3,746	3,768
Culture and recreation	2,453	2,904	3,174	3,226	3,251	3,239	3,634	3,771	3,770	3,874
Capital outlay	11,791	5,884	11,369	12,545	10,536	8,926	7,954	12,545	5,922	25,619
Debt service										
Principal	1,122	1,219	1,535	1,852	2,272	2,344	2,475	2,812	2,910	3,003
Interest	2,096	2,411	2,847	3,317	3,373	3,266	3,411	3,514	3,436	3,794
Other charges	193	333	508	502	370	78	217	145	317	805
Total expenditures	29,474	26,986	34,721	37,661	36,381	35,688	36,282	43,119	38,894	61,710
Excess of revenues										
over (under) expenditures	\$ (10,049)	\$ (5,035)	\$ (5,475)	\$ (9,076)	\$ (7,511)	\$ (5,896)	\$ (5,898)	\$ (8,866)	\$ (2,550)	\$ (21,827)

Changes in Fund Balances of Governmental Funds (cont.)

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Other financing sources (uses)										
Transfers out	\$ -	\$ (45)	\$ -	\$ (7)	\$ (126)	\$ (49)	\$ (1,585)	\$ (59)	\$ (638)	\$ (281)
Transfers in	450	545	500	507	826	799	813	809	953	1,138
Sale of capital assets	-	1	7	9	27	19	39	14	26	50
Premium on bonds issued	-	111	-	43	388	2,128	64	154	1,448	6,880
Discount on bonds issued	(50)	-	(154)	(97)	(9)	-	-	-	-	-
Bond Proceeds	4,785	10,315	14,500	14,382	16,229	14,982	6,600	4,980	22,441	68,980
Payment to bond refunding escrow agent	-	-	-	(2,902)	(10,282)	(17,160)	-	-	(3,045)	(26,928)
Insurance recoveries	-	6	6	29	101	28	11	41	27	46
Total other financing sources (uses)	5,185	10,933	14,859	11,964	7,153	747	5,943	5,939	21,212	49,885
Net change in fund balances	<u>\$ (4,863)</u>	<u>\$ 5,898</u>	<u>\$ 9,384</u>	<u>\$ 2,889</u>	<u>\$ (358)</u>	<u>\$ (5,149)</u>	<u>\$ 45</u>	<u>\$ (2,927)</u>	<u>\$ 18,661</u>	<u>\$ 28,058</u>
Capital outlay including amounts reported										
under departmental expenditures	\$ 11,471	\$ 6,259	\$ 11,211	\$ 12,232	\$ 9,285	\$ 6,234	\$ 7,558	\$ 6,689	\$ 5,580	\$ 18,969
Debt service as a percentage										
of noncapital expenditures	17.9%	17.5%	18.6%	20.3%	20.8%	19.0%	20.5%	17.4%	19.0%	15.9%

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

Fiscal Year	Real Property		Less:		Total Taxable Assessed Value	Percent of Growth in Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Tax Exempt Real Property					
2007	\$ 1,278,169,940	\$ 230,674,602	\$ 81,940,510	\$ 74,871,477	\$ 1,515,913,575	7.61%	\$ 0.6240	\$ 1,515,913,575	100.0%
2008	1,601,403,371	305,574,017	79,775,407	90,922,779	1,895,830,016	25.06%	0.6190	1,895,830,016	100.0%
2009	2,000,762,235	483,463,819	179,109,976	174,166,430	2,489,169,600	31.30%	0.6140	2,489,169,600	100.0%
2010	2,180,612,058	538,457,480	198,209,982	293,270,168	2,624,009,352	5.42%	0.6090	2,624,009,352	100.0%
2011	2,273,827,616	546,581,824	196,080,703	235,132,531	2,781,357,612	6.00%	0.6040	2,781,357,612	100.0%
2012	2,343,923,432	519,094,632	172,089,561	231,415,306	2,803,692,319	0.80%	0.5990	2,803,692,319	100.0%
2013	2,276,991,273	572,854,494	241,161,415	264,075,219	2,826,931,963	0.83%	0.5940	2,826,931,963	100.0%
2014	2,438,725,287	532,237,861	577,588,825	535,819,349	3,012,732,624	6.57%	0.5736	3,012,732,624	100.0%
2015	2,757,615,637	990,762,887	399,206,912	704,956,961	3,442,628,475	14.27%	0.5336	3,442,628,475	100.0%
2016	3,147,282,746	1,206,387,574	326,625,017	808,467,090	3,871,828,247	12.47%	0.5405	3,871,828,247	100.0%

Source: Travis Central Appraisal District; Williamson County Appraisal District

City of Pflugerville
Property Tax Rates - Direct and Overlapping Governments
(per \$100 of Assessed Value)
Last Ten Fiscal Years

Fiscal Year	City of Pflugerville			Travis County			Pflugerville Independent School District			Travis County Emergency Services District #2			Travis County Healthcare District			Total Direct & Overlapping Rates
	General Fund O & M*	Debt Service	Total City	O & M*	Debt Service	Total County	O & M*	Debt Service	Total PISD	O & M*	Debt Service	Total ESD#2	O & M*	Debt Service	Total TCHD	
2007	0.4125	0.2115	0.6240	0.3623	0.0876	0.4499	1.3600	0.3200	1.6800	0.0919	0.0081	0.1000	0.0734	0.0000	0.0734	2.9273
2008	0.4236	0.1954	0.6190	0.3405	0.0811	0.4216	1.0400	0.4300	1.4700	0.0906	0.0094	0.1000	0.0693	0.0000	0.0693	2.6799
2009	0.4371	0.1769	0.6140	0.3394	0.0728	0.4122	1.0400	0.4200	1.4600	0.0937	0.0063	0.1000	0.0679	0.0000	0.0679	2.6541
2010	0.4114	0.1976	0.6090	0.3517	0.0698	0.4215	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0674	0.0000	0.0674	2.6579
2011	0.4101	0.1939	0.6040	0.3858	0.0800	0.4658	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0719	0.0000	0.0719	2.7017
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.4400	1.4800	0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.7434
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400	0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400	0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372
2015	0.3700	0.1636	0.5336	0.3850	0.0713	0.4563	1.0400	0.5000	1.5400	0.0930	0.0052	0.0982	0.1253	0.0011	0.1264	2.7545
2016	0.3665	0.1740	0.5405	0.3486	0.0683	0.4169	1.0400	0.5000	1.5400	0.0913	0.0045	0.0958	0.1168	0.0010	0.1178	2.7110

* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

City of Pflugerville
Water and Wastewater Rates
Last Ten Fiscal Years

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
<u>Water Rates</u>										
Base Charge	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 15.50	\$ 15.50
Usage:										
0 - 3,000 gallons									\$ 3.40	\$ 3.40
0 - 12,000 gallons		\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35	\$ 4.35		
0 - 15,000 gallons	\$ 4.51									
3,000 - 10,000 gallons									\$ 4.30	\$ 4.30
10,001 - 25,000 gallons									\$ 5.40	\$ 5.40
15,001 - 20,000 gallons	\$ 4.59									
12,000 - 26,000 gallons		\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61	\$ 4.61		
20,001 - 25,000 gallons	\$ 4.70									
25,001 + gallons									\$ 6.80	\$ 6.80
25,001 - 30,000 gallons	\$ 4.78									
26,001 + gallons		\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73	\$ 4.73		
30,001 - 35,000 gallons	\$ 4.86									
35,001 - 40,000 gallons	\$ 4.96									
40,001 - 45,000 gallons	\$ 5.05									
45,000 + gallons	\$ 5.14									
<u>Wastewater Rates</u>										
Base (4,000 gallons)	\$ 18.50									
Base (3,000 gallons)		\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50	\$ 18.50		
Base (0 gallons)									\$ 19.50	\$ 19.50
Usage per 1,000 gallons	\$ 3.72	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 3.51	\$ 1.25	\$ 1.25
City average (new customers)	\$ 24.76	\$ 27.65	\$ 30.61	\$ 26.04	\$ 28.30	\$ 27.45	\$ 28.85	\$ 25.17	\$ 25.63	\$ 25.50

Note: The rates and charges provided represent those of a residential customer within the City limits with a typical 5/8" - 3/4" meter.
This segment of the Utility customer base represents the largest portion of the City's utility customers.

Wastewater rates are based on the customer's winter water usage (the lowest three winter months of November, December, January and February). New customers start with the City average until their own rate is established.

Source: Utility Billing Department

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

Taxpayer	2016			2007		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH130 - SH45, L.P.	\$ 98,043,043	1	2.53%	\$ -	-	-
BRE MF Stone Hill LLC	48,128,169	2	1.24%	-	-	-
1825 Place LLC	35,192,000	3	0.91%	-	-	-
Swenson Farms Apartment Community	32,086,000	4	0.83%	-	-	-
Piret (Impact Way) Holdings LLC	28,291,299	5	0.73%	-	-	-
Target Corporation	26,239,191	6	0.68%	-	-	-
Oncor Electric Delivery Company LLC	23,464,000	7	0.61%	-	-	-
Wal-Mart Real Estate Business Trust	17,355,333	8	0.45%	13,818,919	4	0.91%
Home Depot USA Inc	17,117,771	9	0.44%	-	-	-
Springbrook APTSP1 LP	16,506,102	10	0.43%	-	-	-
Pflugerville Covington	-	-	-	22,040,172	1	1.45%
TXU Electric Delivery Co.	-	-	-	15,933,720	2	1.05%
H. E. B. Grocery Co.	-	-	-	13,991,434	3	0.92%
AT&T	-	-	-	9,798,705	5	0.65%
Heatherwilde Village	-	-	-	7,386,625	6	0.49%
Terrabrook Falcon Ridge	-	-	-	7,159,744	7	0.47%
Sun Secure Financing Houston	-	-	-	5,782,777	8	0.38%
Sabine Street Partners	-	-	-	5,706,159	9	0.38%
KO Limited Partnership	-	-	-	5,135,866	10	0.34%
	<u>\$ 342,422,908</u>		<u>8.84%</u>	<u>\$ 106,754,121</u>		<u>7.04%</u>

Source: Travis Central Appraisal District

City of Pflugerville
Water and Wastewater Customers
Last Ten Fiscal Years

Fiscal Year	Water		Wastewater	
	Water Customers	Percentage of Change	Wastewater Customers	Percentage of Change
2007	10,721	9.2%	11,560	8.9%
2008	11,293	5.3%	12,220	5.7%
2009	11,731	3.9%	12,670	3.7%
2010	12,154	3.6%	13,076	3.2%
2011	12,640	4.0%	13,567	3.8%
2012	13,213	4.5%	14,115	4.0%
2013	13,844	4.8%	14,728	4.3%
2014	14,651	5.8%	15,514	5.3%
2015	15,607	6.5%	16,462	6.1%
2016	16,515	5.8%	17,393	5.7%

Source: Utility Billing department.

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

Fiscal Year	Original Tax Levy for the Fiscal Year ¹	Adjusted Tax Levy for the Fiscal Year ²	Collected within the fiscal year of the Levy		Tax Collections in Subsequent Years	Total Tax Collections	Total Collections as a Percent of Levy
			Amount	Percent of Levy			
2007	9,459,301	9,474,175	9,325,408	98.43%	140,832	9,466,240	99.92%
2008	11,714,211	11,668,894	11,616,369	99.55%	31,740	11,648,109	99.82%
2009	15,283,501	15,055,217	15,013,754	99.72%	18,939	15,032,693	99.85%
2010	15,980,217	16,260,264	16,129,455	99.20%	92,831	16,222,286	99.77%
2011	16,799,400	16,958,006	16,840,393	99.31%	88,498	16,928,891	99.83%
2012	16,794,117	17,042,787	16,929,307	99.33%	74,934	17,004,241	99.77%
2013	16,791,976	17,008,356	16,892,470	99.32%	66,788	16,959,259	99.71%
2014	17,189,602	17,320,892	17,245,430	99.56%	23,781	17,269,211	99.70%
2015	17,999,015	18,328,145	18,291,430	99.80%	(24,374)	18,267,057	99.67%
2016	20,265,425	20,932,340	20,878,839	99.74%	-	20,878,839	99.74%

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

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

Fiscal Year	Water Revenue	Wastewater Revenue
2007	\$ 7,257,419	\$ 4,408,475
2008	9,831,538	4,990,730
2009	10,752,853	5,338,220
2010	10,304,179	5,269,972
2011	13,362,222	5,506,942
2012	12,216,367	5,735,116
2013	12,122,244	6,136,113
2014	11,719,177	6,248,186
2015	13,316,634	6,139,955
2016	14,445,893	6,596,113

Source: City Financial Reports

City of Pflugerville
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Governmental Activities								
Fiscal Year	General Obligation Bonds ¹		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges ²	Total Governmental Activities
2006	\$	16,780	\$	22,379	\$ -	\$ -	\$ 81	\$ 39,240
2007		16,425		26,361	-	-	31	42,817
2008		16,065		35,817	-	-	138	52,019
2009		18,700		46,147	-	-	(15)	64,832
2010		15,765		55,687	2,881	-	(69)	74,264
2011		17,505		49,129	12,213	-	295	79,142
2012		5,780		43,535	26,556	-	2,375	78,246
2013		7,205		46,965	25,820	-	2,327	82,317
2014		6,555		50,786	24,817	-	2,362	84,520
2015		17,730		54,943	26,043	-	3,614	102,330
Business-Type Activities								
Fiscal Year	Revenue Bonds		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges ²	Total Business-Type Activities
	Water	Wastewater	Water	Wastewater				
2006	\$ 3,653	\$ 1,568	\$ 47,217	\$ 29,341	\$ -	\$ -	\$ 305	\$ 82,084
2007	3,347	1,414	47,044	28,590	-	-	294	80,689
2008	3,041	1,256	46,485	28,138	-	-	284	79,204
2009	2,715	1,085	45,905	27,683	-	-	273	77,661
2010	-	-	45,303	33,765	2,639	-	236	81,943
2011	-	-	39,341	33,171	7,692	-	432	80,635
2012	-	-	1,828	18,832	54,549	-	7,047	82,256
2013	-	-	1,134	18,195	53,955	-	6,723	80,008
2014	-	-	622	17,522	53,148	-	6,399	77,691
2015	-	-	11,548	11,104	62,242	-	7,877	92,771
Fiscal Year	Total Primary Government Debt	Percentage of Personal Income ³	Per Capita					
2006	\$ 121,324	14.76%	\$ 4,192					
2007	123,506	12.26%	3,482					
2008	131,223	11.05%	3,138					
2009	142,493	11.30%	3,208					
2010	156,207	11.72%	3,328					
2011	159,777	11.83%	3,337					
2012	160,503	10.81%	3,205					
2013	162,325	10.27%	3,082					
2014	162,211	9.65%	2,958					
2015	195,101	11.39%	3,476					

¹ General Obligation Bonds include Limited Tax Bonds.

² Deferred charges include premiums and discounts on bonds.

³ See the Demographics Statistics on page 104 for personal income and population data.

Source: City Financial Reports

City of Pflugerville
General Bonded Debt Outstanding
Last Ten Fiscal Years
(amounts expressed in thousands, except per capita amount)

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Refunding Bonds	Deferred Charges ¹	Total	Less: Accumulated Resources	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property	Net Debt Per Capita
2007	\$ 16,425	\$ 26,361	\$ -	\$ 31	\$ 42,817	\$ 856	\$ 41,960	2.77%	\$ 1,183
2008	16,065	35,817	-	138	52,020	1,040	50,979	2.69%	1,219
2009	18,700	46,147	-	(15)	64,832	1,297	63,535	2.55%	1,430
2010	15,765	55,687	2,881	(69)	74,264	1,485	72,779	2.77%	1,551
2011	17,505	49,129	12,213	295	79,142	1,583	77,559	2.79%	1,620
2012	5,780	43,535	26,556	2,375	78,246	1,565	76,681	2.74%	1,531
2013	7,205	46,965	25,820	2,327	82,317	1,646	80,671	2.85%	1,515
2014	6,555	50,786	24,817	2,362	84,520	1,690	82,830	2.75%	1,510
2015	17,730	54,943	26,043	3,614	102,330	2,047	100,283	2.91%	1,808
2016	36,747	47,816	55,675	10,290	150,528	3,011	147,517	3.81%	2,581

¹ Deferred charges include premiums and discounts on bonds.

City of Pflugerville
Direct and Overlapping Governmental Activities Debt
September 30, 2016

Taxing Body	Debt Outstanding¹	Estimated Percentage Applicable¹	Taxable Assessed Property Value²	Estimated Share of Overlapping Debt
Estimated Overlapping Debt:				
Travis County MUD #15	\$ 14,830,000	100.00%	\$ 350,356,575	\$ 14,830,000
Travis County E.S.D. #2	170,000	48.07%	8,197,955,318	81,719
Pflugerville I.S.D.	489,480,000	41.87%	9,459,620,199	204,945,276
Travis County	707,826,497	2.58%	136,621,586,770	18,261,924
Travis County Healthcare District	11,355,000	2.51%	136,694,259,054	285,011
North East Travis County Utility District	18,485,000	0.28%	228,794,413	51,758
Williamson County	931,599,942	0.02%	47,445,067,721	186,320
Total estimated overlapping debt	<u>2,173,746,439</u>	10.98%	338,997,640,050	<u>238,642,007</u>
Direct Debt - City of Pflugerville	<u>150,527,617</u>	100.00%	3,871,828,247	<u>150,527,617</u>
Direct and Estimated Overlapping Debt	<u>\$ 2,324,274,056</u>			<u>\$ 389,169,624</u>

Sources:

¹ This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/16), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

² Individual taxing bodies and Travis Central Appraisal District.

City of Pflugerville
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Debt Limit	\$ 22,738,704	\$ 28,386,617	\$ 37,337,544	\$ 39,360,140	\$ 41,720,364	\$ 42,055,385	\$ 42,403,979	\$ 45,190,989	\$ 51,639,427	\$ 58,077,424
Total net debt applicable to limit	3,208,483	3,646,665	4,415,609	5,169,326	5,644,637	5,610,120	5,886,306	6,325,351	6,345,656	6,797,076
Legal debt margin	<u>\$ 19,530,221</u>	<u>\$ 24,739,953</u>	<u>\$ 32,921,935</u>	<u>\$ 34,190,814</u>	<u>\$ 36,075,727</u>	<u>\$ 36,445,265</u>	<u>\$ 36,517,673</u>	<u>\$ 38,865,638</u>	<u>\$ 45,293,771</u>	<u>\$ 51,280,348</u>
Total net debt applicable to the limit as a percentage of debt limit	14.11%	12.85%	11.83%	13.13%	13.53%	13.34%	13.88%	14.00%	12.29%	11.70%

Legal Debt Margin Calculation for Fiscal Year 2015

Assessed value of taxable property:		\$ 3,871,828,247
Debt limit (\$1.50 per \$100 of assessed valuation)		\$ 58,077,424
2016 Annual debt service applicable to limit:		
General obligation - principal	\$ 3,002,929	
General obligation - interest	3,794,147	6,797,076
Legal debt margin		<u>\$ 51,280,348</u>

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

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

Fiscal Year	Gross Water and Wastewater Revenues	Operating Expenses¹	Net Revenue Available for Debt Service	Debt Service Requirements			
				Principal	Interest	Total	Coverage
2007	\$ 13,099,308	\$ 7,430,813	\$ 5,668,495	\$ 1,419,620	\$ 3,979,306	\$ 5,398,926	1.05
2008	15,805,791	9,043,303	6,762,488	1,476,065	3,924,669	5,400,734	1.25
2009	16,433,947	10,512,444	5,921,503	1,531,495	3,865,753	5,397,248	1.10
2010	15,679,741	8,657,206	7,022,535	1,603,560	3,982,815	5,586,375	1.26
2011	19,037,632	10,276,803	8,760,829	1,764,325	3,923,325	5,687,650	1.54
2012	18,027,068	10,506,317	7,520,751	1,841,430	3,813,461	5,654,891	1.33
2013	18,426,637	11,414,204	7,012,433	1,928,817	3,362,355	5,291,172	1.33
2014	18,079,253	11,444,451	6,634,802	1,991,747	3,298,527	5,290,274	1.25
2015	19,646,817	11,813,587	7,833,230	2,163,205	3,232,137	5,395,342	1.45
2016	21,309,858	13,230,539	8,079,319	2,367,071	3,968,620	6,335,691	1.28

¹Excludes depreciation expense

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

City of Pflugerville
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population ¹	School Enrollment ²	Total Personal Income ³	Personal Income Per Capita ⁴	Unemployment Rate ⁵
2007	35,468	19,850	1,007,397,604	28,403	3.10
2008	41,817	19,696	1,187,728,251	28,403	3.90
2009	44,415	21,288	1,261,519,245	28,403	5.80
2010	46,936	22,871	1,333,123,208	28,403	5.70
2011	47,874	23,287	1,350,860,658	28,217	5.80
2012	50,081	23,251	1,484,551,083	29,643	5.00
2013	53,250	23,225	1,597,233,750	29,995	4.50
2014	54,843	23,463	1,681,157,322	30,654	3.50
2015	55,455	23,853	1,692,153,870	30,514	2.80
2016	57,148	23,819	1,854,795,488	32,456	3.20

¹ City of Pflugerville Planning Department.

² Pflugerville Independent School District.

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

⁴ 2007-2010 Personal Income per capita from the 2005-2009 U.S. Census Bureau Demographic Profile.

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

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

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

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

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

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

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

City of Pflugerville
Principal Employers
Current Year and Nine Years Ago

2016			2007	
Employers	Employees	Percentage of Total City Employment	Employers	Employees
Pflugerville ISD	1,655	27.9%	Pflugerville ISD	914
City of Pflugerville	345	5.8%	Wal-Mart	325
Wal-Mart	325	5.5%	City of Pflugerville	225
Mtech	268	4.5%	HEB Grocery Co.	200
HEB Grocery Co.	225	3.8%	Austin Foam Plastics	180
Target	200	3.4%	Integrated Flow Systems	85
Flextronics	195	3.3%	Pflugerville Care Center	75
Avant Technologies	155	2.6%	EVS Metal	62
Home Depot	125	2.1%	U.S. Post Office	45
Fed Ex	120	2.0%	Travis County ESD	42
Total	3,613	61%	Total	2,153

Source:
Pflugerville Community Development Corporation

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

Fiscal Year	Water Customers				Wastewater Customers			
	Residential	Commercial	Other	Total	Residential	Commercial	Other	Total
2007	10,273	267	104	10,644	11,363	159	38	11,560
2008	10,875	301	117	11,293	12,007	172	41	12,220
2009	11,281	317	133	11,731	12,436	190	44	12,670
2010	11,695	323	136	12,154	12,835	195	46	13,076
2011	12,154	347	139	12,640	13,315	205	47	13,567
2012	12,698	375	140	13,213	13,854	214	47	14,115
2013	13,303	396	145	13,844	14,456	223	49	14,728
2014	14,059	449	143	14,651	15,225	240	49	15,514
2015	15,000	457	150	15,607	16,167	245	50	16,462
2016	15,856	497	162	16,515	17,079	260	54	17,393

Source: Utility Billing Department

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Administration	20	24	22.5	21.5	21	23	23.5	23.5	24.5	24.5
Building Inspection	8	8	8	8	6	6	6	4	5	5
Development Services Admin*	-	-	-	-	-	-	-	5	5	4
Engineering	5	5	6	6	6	7	7	7	11	13
Fleet	3	3	3	3.5	3	3	3	3	3.5	3.5
Library	11	12.2	12	12.2	12	11	15	15	18	18
Municipal Court	5	5	5	5	5.5	5.5	6	6	5.5	5.5
Parks & Recreation										
Full Time	23.5	27.5	31.5	31.5	31.5	30	32	31.5	26.5	26.5
Seasonal	27.75	28.25	28.75	28.75	28.75	32	31.38	32	31.25	31.25
Planning & Development	6.38	7.38	7.4	7.5	7	6	7	6.5	6.5	7.5
Police Services										
Officers	58.5	68.5	87.5	92.5	94	96	98.5	100.5	105.5	108.5
Civilians	18.5	20.5	23.5	24.5	25	24	27.5	30.5	37.5	42
Streets	19	21	21	21	21	21	21	22	31	29
Water	18.5	18	18	18.75	19.5	20	21	23	24.5	27.5
Wastewater	16	18.5	18.5	18.75	19.5	20	21	24	25.5	26.5
Total Employees	240.13	266.83	292.65	299.45	299.75	304.5	319.88	333.5	360.75	372.25

* New function in FY 2014

Source: City of Pflugerville Budget

City of Pflugerville
Operating Indicators by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Building Inspection										
Residential Permits	566	262	386	379	460	524	650	826	974	953
Commercial Permits	45	58	45	32	28	31	34	49	38	75
Inspections Performed	29,603	12,437	13,802	13,552	14,354	17,905	20,165	25,018	29,915	33,375
Engineering										
Construction Plans Reviewed	105	75	15	10	8	18	25	36	37	33
Construction Inspections	17,100	16,954	11,700	9,040	10,080	9,721	15,000	13,024	23,804	26,982
Fleet										
Vehicle Inspections	115	113	130	116	145	118	160	117	191	192
Library										
Library Visits (000) ¹	161	159	162	165	172	199	295	444	323	329
Items Circulated (000)	216	215	253	283	294	326	358	400	394	450
Municipal Court										
Cases Filed	9,949	13,064	16,172	13,988	15,225	16,115	13,605	11,615	11,509	12,642
Warrants Issued	4,854	4,026	5,658	5,926	5,033	3,711	4,414	3,849	5,494	6,242
Parks & Recreation										
Recreation Center Members ²	6,682	3,969	1,657	1,710	1,770	1,309	1,336	1,246	1,309	1,067
Facilities Reservations	339	486	525	525	540	633	736	629	798	911
Recreation Program Participants	1,663	2,714	2,629	2,670	2,596	2,633	2,809	2,555	3,131	3,056
Planning & Development										
Single Family Lots Reviewed	2,628	720	230	2,445	822	577	4,005	1,877	2,151	3,000
Subdivision Plat Applications	50	58	21	17	15	24	40	51	66	69
Zoning Applications	20	25	16	10	10	4	10	9	14	10

¹ Physical & virtual library visits

² Families are counted as one member beginning in 2009

Operating Indicators by Function (continued)

Function	Fiscal Year									
	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police Services										
Citations Issued	8,727	11,352	14,527	12,367	13,563	14,597	12,002	10,284	10,292	11,124
Arrests										
Felony	278	252	242	255	295	200	309	286	436	487
Misdemeanor	1,988	2,613	2,856	2,453	2,164	1,126	663	626	690	3,025
Calls for Service	37,766	44,423	55,032	60,746	67,003	74,391	68,518	62,790	62,360	63,291
Streets										
Miles of Streets Maintained	157	178	181	183	195	195	197	206	213	218
Water										
New Connections	814	644	442	424	433	538	631	556	1,009	908
Water Main Breaks Repaired	8	7	4	3	3	8	8	8	9	3
Average Daily Usage (MGD)	3.85	4.97	5.42	5.29	6.63	5.85	6.02	6.10	6.59	6.80
Wastewater										
Average Daily Flow (MGD)	3.07	3.02	2.94	3.71	3.15	3.11	2.90	3.50	4.05	4.49
Wastewater Treated (MG)	1,120	1,101	1,072	1,351	1,198	1,136	1,060	1,200	1,478	1,638
Blockages Cleared	76	73	95	76	67	81	102	110	87	77

Sources: Various government departments

City of Pflugerville
Capital Assets by Function
Last Ten Fiscal Years

Function	Fiscal Year									
	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016
Fleet										
Fleet Vehicles	130	143	160	167	163	171	172	181	187	197
Library										
Libraries	1	1	1	1	1	1	1	1	1	1
Library (sq ft)	12,500	12,500	12,500	12,500	12,500	12,500	28,000	28,000	28,000	28,000
Books (000)	51	56	56	60	64	59	61	66	68	68
Parks & Recreation										
Parks	25	27	31	31	32	34	35	36	36	36
Park Acreage	485	495	520	617	674	688	709	733	737	737
Swimming Pools	2	2	3	3	3	3	3	3	3	3
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Recreation Center (sq ft)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Miles of Trails	19	20	25	27	29	31	31	31	31	31
Police Services										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (miles)	157	178	181	183	195	195	197	206	213	218
Traffic Signals	6	7	8	8	9	9	9	10	11	11
Water										
Surface Water Treatment Plant	1	1	1	1	1	1	1	1	1	1
Capacity (MGD)	15.5	15.5	15.5	15.5	15.5	15.5	15.5	20.6	20.6	20.6
Surface Water Reservoir (acre)	180	180	180	180	180	180	180	180	180	180
Water lines (miles)	159	163	165	168	177	181	200	211	224	238
Wells in Operation	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater lines (miles)	138	140	142	180	184.3	188	191	202	216	226
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	2	2
Capacity (MGD)	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6

Sources: Various government departments.