



## Filing Receipt

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**Control Number - 54583**  
**ItemNumber - 9**

April 5, 2023

Public Utility Commission of Texas  
1701 N Congress PO Box 13326  
Austin, Texas 78711-3326

**RE: Docket No. 54583; Application of City of Pflugerville to Amend it's CCN and to Decertify Kelly Lane Utility's CCN in Travis and Williamson County**

**RESPONSE TO COMMISSION STAFF'S FIRST REQUEST FOR INFORMATION QUESTION NOS. STAFF 1-1 THROUGH 1-2**

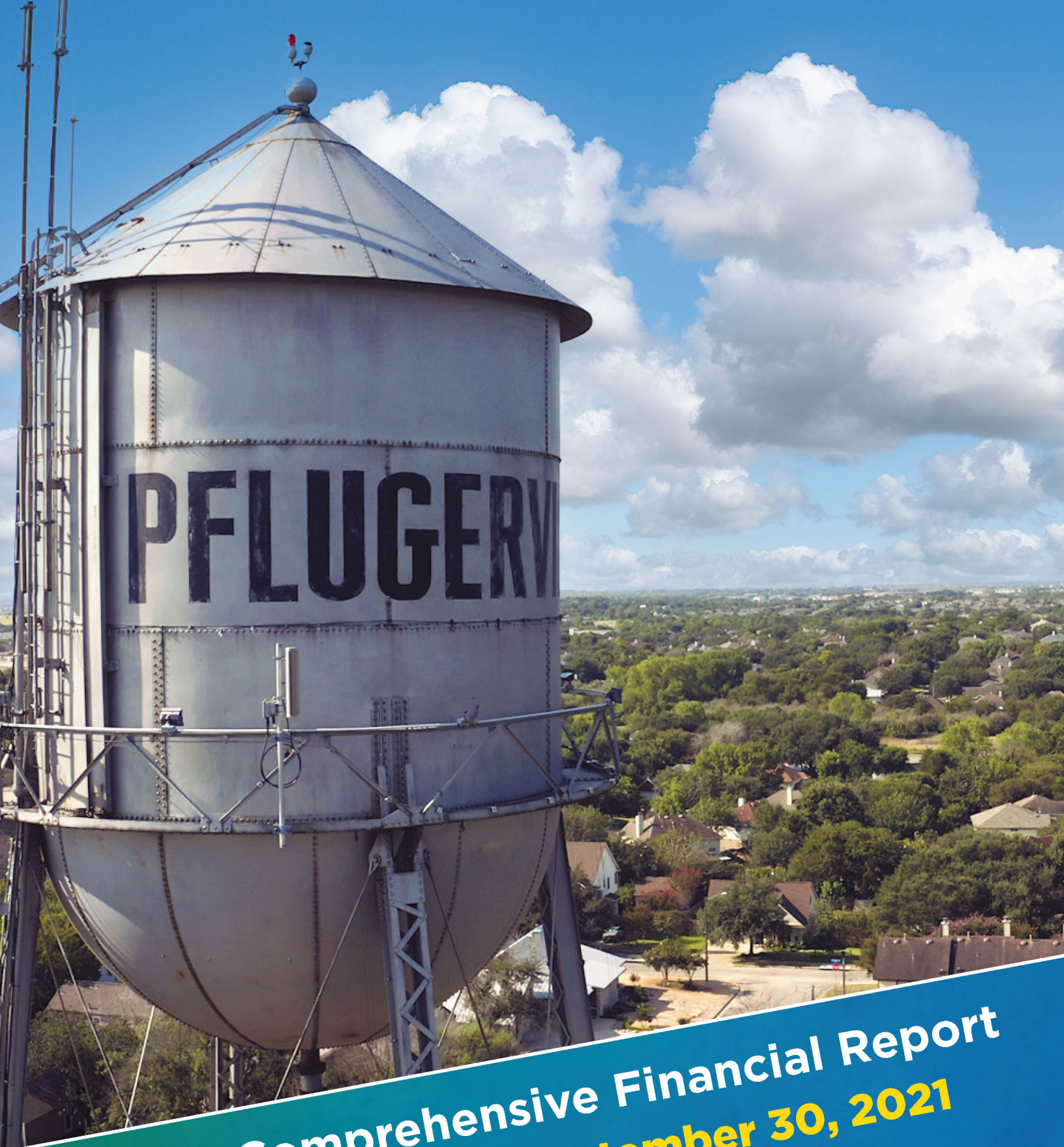
The following documents are attached:

1. City of Pflugerville's Annual Comprehensive Financial Report
  - a. This report is for Fiscal Year ending September 30, 2021. The Financial Report for Fiscal Year ending September 30, 2022, is still in draft format and being reviewed by City Council.
2. A wastewater facilities map showing the existing infrastructure for the proposed CCN amendment area
  - a. No additional facilities are proposed at this time.

Please feel free to contact me if there are any questions.

Kind regards,

Brandon Pritchett  
City of Pflugerville  
Public Utility Director  
brandonp@pflugervilletx.gov  
Office: (512)-990-6402



**Annual Comprehensive Financial Report**  
**Fiscal Year Ended September 30, 2021**



*where quality meets life*

**PFLUGERVILLE**  
TEXAS

**CITY OF PFLUGERVILLE, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
**YEAR ENDED SEPTEMBER 30, 2021**

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



**CITY OF PFLUGERVILLE, TEXAS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**  
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## **INTRODUCTORY SECTION**





June 28, 2022

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

The Annual Comprehensive Financial Report (ACFR) of the City of Pflugerville, Texas, for the fiscal year ended September 30, 2021, including the independent auditor's report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2021.

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

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

Pattillo, Brown & Hill, L.L.P., Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Pflugerville's financial statements for the year ended September 30, 2021. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

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

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

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. This location places the City of Pflugerville within three hours driving time of ninety percent of the population of the State of Texas. As with much of the Central Texas region, the population of Pflugerville continues to grow. For fiscal year 2021, the City's Planning Department has estimated a total population of 77,629. This growth is expected to continue, although the pace may be slowing slightly.

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

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

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

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

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

### ***Local Economy***

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

According to the U.S. Census, the City's population increased from 48,370 in 2010 to an estimated 65,380 (35%) in 2019. The City's Planning Department currently approximates the population at 77,629 and anticipates continuing growth with a projected population between 88,700 and 94,200 by 2025. This growth is reflective of the population increase seen in the entire Central Texas (Austin-Round Rock MSA) region and by the amount of housing currently under development in Pflugerville.

The increasing population and the City's location surrounding the intersection of two major regional toll roadways, State Highways 130 and 45, has encouraged business growth within the City limits. The City's largest commercial centers, Stone Hill Town Center and 130 Commerce Park are both situated along these major roadways. As these developments near build out, the Pflugerville Community Development Corporation (PCDC) is actively recruiting new businesses. The growth has also allowed the City to diversify its tax base. A 27-acre industrial campus is now complete and provides roughly 350,000 square feet of Class A industrial space at the intersection of Heatherwilde Blvd and State Highway 45. Several office condo buildings are also under construction with more in development review.

A 3.8 million square foot Amazon Distribution Center announced in 2020 as Project Charm became operational in 2021 and employs 1,000 full-time workers. The four and half story facility includes warehouse and office space.

An adjacent 150-acre property was rezoned in June to support a mix of residential and commercial uses. On the west side of the City, the Pecan District continues construction on the first phase of a multi-phase, multi-use development. In Stone Hill Town Center, construction was completed on two hotels, while several infill commercial sites are nearing completion. Residential and commercial construction continues throughout the City.

### ***Long-term Financial Planning***

At the end of fiscal year 2021, the unassigned fund balance in the general fund was 51% of total general fund operating expenditures for the year. This percentage meets the policy guidelines set by the Council for budgetary and planning purposes that require at least 25% of total general fund expenditures. Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to a 35% target level.

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

In 2022, the City Council is on track to adopt the Aspire Pflugerville 2040 Comprehensive Plan. This was a project that began in September 2020, and outlines where Pflugerville is today and aspires to be by the year 2040. The Aspire Pflugerville 2040 Comprehensive Plan outlines the goals, policies and action items necessary to meet the community's vision for Pflugerville by the year 2040.

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

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

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

The pandemic brought on new challenges around the globe, including our state, and the local community. Pflugerville has proven to be amazingly resilient with recent citizen surveys proclaiming what a great place to live and raise a family. Through the challenging times, the City continued to experience population growth and a strong economy as evidenced by increases in sales tax revenue and property values, economic development activity, and continued residential 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 Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. To be awarded a Certificate of Achievement, the City had to publish an easily readable and efficiently organized Annual Comprehensive Financial Report that satisfied both generally accepted accounting principles and applicable legal requirements.

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

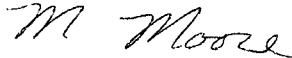
In addition, the City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its summary financial document for the fiscal year ended September 30, 2020. To apply for the PAFR, the City must first have received the Certificate Achievement for Excellence in Financial Reporting.

The City also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2020. To qualify for the Distinguished Budget Presentation Award, the City's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

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

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

Respectfully submitted,

A handwritten signature in cursive script that reads "M Moore".

Melissa Moore  
Finance Director





Government Finance Officers Association

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

Presented to

**City of Pflugerville  
Texas**

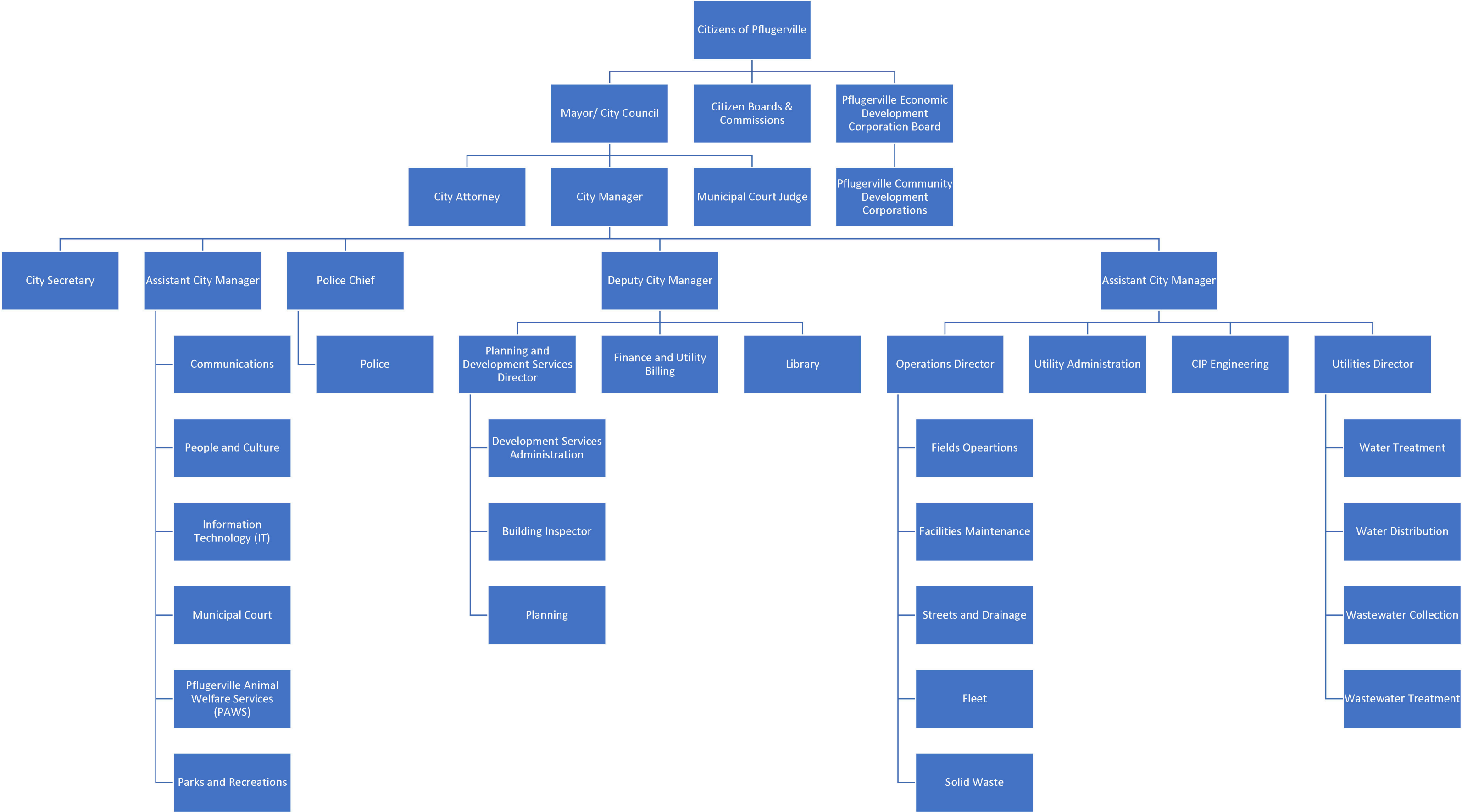
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2020

*Christopher P. Morrell*

Executive Director/CEO

City of Pflugerville, Texas  
Organizational Chart  
September 30, 2021



**City of Pflugerville, Texas**  
**List of Elected and Appointed Officials**  
**September 30, 2021**

**Elected Officials**

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

<b>Name</b>	<b>Term Expires</b>
Victor Gonzales, Mayor	November 2022
Doug Weiss, Place 1	November 2022
Ceasar Ruiz, Place 2	November 2023
Omar Peña, Mayor Pro Tem, Place 3	November 2021
Rudy Metayer, Place 4	November 2023
Mike Heath, Place 5	November 2021
David Rogers, Place 6	November 2023

**City Staff**

<b>Position</b>	<b>Name</b>
City Manager	Sereniah Breland
Deputy City Manager	Trey Fletcher
Assistant City Manager	Amy Giannini
Assistant City Manager	James Hartshorn
Police Chief	Jason O'Malley
City Secretary	Trista Evans
Communications Director	Terri Toledo



## **FINANCIAL SECTION**





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## INDEPENDENT AUDITOR'S REPORT

Mayor and Members of City Council  
City of Pflugerville, Texas

### Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pflugerville, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### *Management's Responsibility for the Financial Statements*

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

### *Auditor's Responsibility*

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

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

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

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### OFFICE LOCATIONS

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



## **Opinions**

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City as of September 30, 2021, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the General Fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### ***Required Supplementary Information***

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

### ***Other Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

### **Other Reporting Required by *Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated June 28, 2022, 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.

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

Waco, Texas  
June 28, 2022

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

As management of the City of Pflugerville, Texas (City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-iv of this report.

**Financial Highlights**

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources as of September 30, 2021, by \$307,624,388 (net position). Of this amount, \$28,927,813 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$114,336,926, an increase of \$65,367,308 in comparison with the prior year. Most of this increase can be attributed to the issuance of debt during the fiscal year.
- At the end of the 2020-2021 fiscal year, unassigned fund balance in the general fund was \$23,159,995 or 51% of general fund operating expenditures. The City Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2021, that amount was \$11.3 million.
- The City's total bonded debt increased by \$82,950,000 (33%) during the current fiscal year as a result of debt issuances and payments made during the year.

**Overview of the Financial Statements**

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

**Government-wide Financial Statements**

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

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

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

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

The government-wide financial statements can be found on pages 13 - 15 of this report.

## **Fund Financial Statements**

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 16 - 21 of this report.

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

The City's enterprise fund is substantially the same as its business-type activities, but the fund financial statements provide more detail and additional information, such as cash flows. The City utilizes the enterprise fund to account for its water, wastewater, and solid waste services. The basic proprietary fund financial statements can be found on pages 22 - 26 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 27 - 55.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and other postemployment benefits to its employees. Required supplementary information can be found on pages 56 - 59.

## Financial Analysis of the City as a Whole

### Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 136,145,712	\$ 64,559,888	\$ 60,441,611	\$ 52,044,387	\$ 196,587,323	\$ 116,604,275
Capital assets	250,555,182	259,020,792	261,827,042	220,101,555	512,382,224	479,122,347
Total assets	<u>386,700,894</u>	<u>323,580,680</u>	<u>322,268,653</u>	<u>272,145,942</u>	<u>708,969,547</u>	<u>595,726,622</u>
Deferred outflow s	<u>8,053,890</u>	<u>6,818,093</u>	<u>3,470,360</u>	<u>3,873,200</u>	<u>11,524,250</u>	<u>10,691,293</u>
Long-term liabilities	236,163,265	175,167,325	144,323,448	109,720,888	380,486,713	284,888,213
Other liabilities	20,482,819	12,441,390	9,111,363	12,678,093	29,594,182	25,119,483
Total liabilities	<u>256,646,084</u>	<u>187,608,715</u>	<u>153,434,811</u>	<u>122,398,981</u>	<u>410,080,895</u>	<u>310,007,696</u>
Deferred inflow s	<u>2,371,631</u>	<u>2,430,310</u>	<u>416,883</u>	<u>302,961</u>	<u>2,788,514</u>	<u>2,733,271</u>
Net Position:						
Net investment in capital assets	109,359,679	118,439,370	138,735,824	120,254,280	248,095,503	238,693,650
Restricted	7,074,803	5,601,443	23,526,269	19,891,627	30,601,072	25,493,070
Unrestricted	<u>19,302,587</u>	<u>16,318,935</u>	<u>9,625,226</u>	<u>13,171,293</u>	<u>28,927,813</u>	<u>29,490,228</u>
Total Net Position	<u>\$ 135,737,069</u>	<u>\$ 140,359,748</u>	<u>\$ 171,887,319</u>	<u>\$ 153,317,200</u>	<u>\$ 307,624,388</u>	<u>\$ 293,676,948</u>

### City of Pflugerville - Net Position

- A portion of the City's net position, \$30,601,072 (10%), represents resources that are subject to external restrictions on how they may be used. The unrestricted net position, \$28,927,813 (9%), may be used to meet the City's ongoing obligations to citizens and creditors.
- Net investment in capital assets decreased in the governmental activities due primarily to depreciation expense. Long-term debt increased as a result of current year debt issuances. Net position in the governmental activities decreased primarily due to a decrease in grant revenues and an increase in general government expenses.
- Current assets and long-term liabilities increased in the business-type activities due to current year debt issuances.
- At the end of the current fiscal year, the City can report positive balances in all categories of net position, both for the City as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2021.

### City of Pflugerville - Changes in Net Position

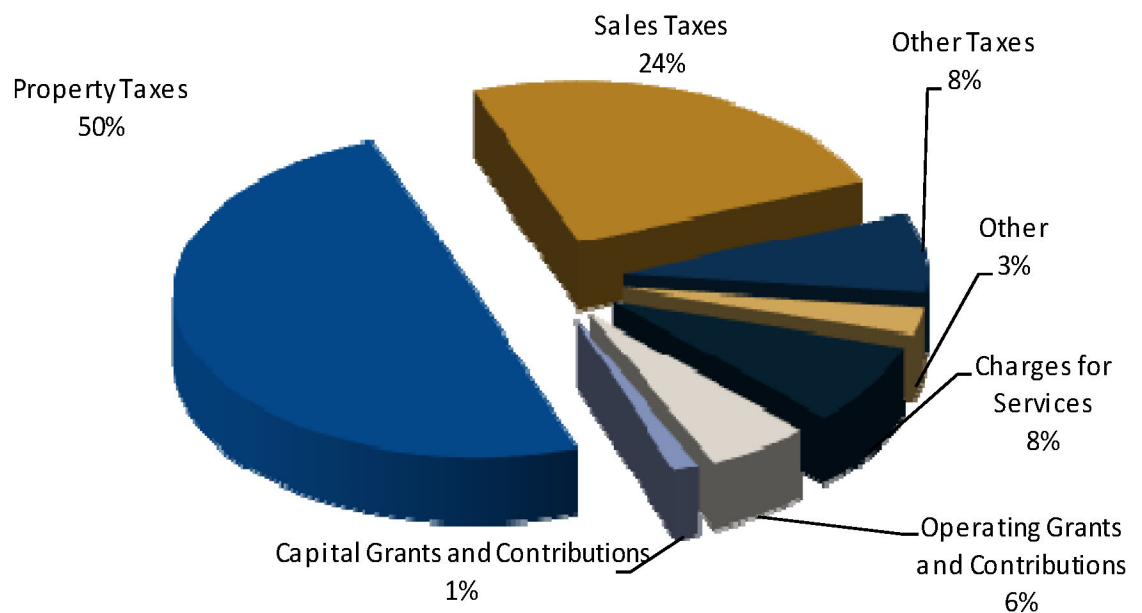
	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Revenues:						
Program revenues:						
Charges for services	\$ 5,373,148	\$ 4,754,470	\$ 42,094,308	\$ 35,260,752	\$ 47,467,456	\$ 40,015,222
Operating grants and contributions	3,680,961	4,257,314	-	-	3,680,961	4,257,314
Capital grants and contributions	892,547	14,356,994	13,630,847	9,785,344	14,523,394	24,142,338
General revenues:						
Property taxes	32,643,859	30,820,419	-	-	32,643,859	30,820,419
Other taxes	21,379,249	17,220,667	-	-	21,379,249	17,220,667
Other	1,780,049	1,567,660	131,663	819,569	1,911,712	2,387,229
Total revenues	<u>65,749,813</u>	<u>72,977,524</u>	<u>55,856,818</u>	<u>45,865,665</u>	<u>121,606,631</u>	<u>118,843,189</u>
Expenses:						
General government	15,074,548	10,380,450	-	-	15,074,548	10,380,450
Public safety	16,866,513	16,333,177	-	-	16,866,513	16,333,177
Public works and streets	25,359,135	24,140,755	-	-	25,359,135	24,140,755
Culture and recreation	6,866,887	6,340,215	-	-	6,866,887	6,340,215
Interest on long-term debt	6,955,409	6,153,812	-	-	6,955,409	6,153,812
Water and wastewater	-	-	30,104,349	29,867,821	30,104,349	29,867,821
Solid waste	-	-	6,432,350	5,797,761	6,432,350	5,797,761
Total expenses	<u>71,122,492</u>	<u>63,348,409</u>	<u>36,536,699</u>	<u>35,665,582</u>	<u>107,659,191</u>	<u>99,013,991</u>
Increases in net position before transfers	( 5,372,679)	9,629,115	19,320,119	10,200,083	13,947,440	19,829,198
Transfers	<u>750,000</u>	<u>1,040,494</u>	<u>( 750,000)</u>	<u>( 1,040,494)</u>	<u>-</u>	<u>-</u>
Change in net position	( 4,622,679)	10,669,609	18,570,119	9,159,589	13,947,440	19,829,198
Net position, beginning	<u>140,359,748</u>	<u>129,690,139</u>	<u>153,317,200</u>	<u>144,157,611</u>	<u>293,676,948</u>	<u>273,847,750</u>
Net position, ending	<u>\$ 135,737,069</u>	<u>\$ 140,359,748</u>	<u>\$ 171,887,319</u>	<u>\$ 153,317,200</u>	<u>\$ 307,624,388</u>	<u>\$ 293,676,948</u>

### Revenues

- Property tax revenue, including penalties and interest, increased 6% (\$1,823,440) during this fiscal year. This was due to an increase in appraised value on new and existing property in the City.
- Property tax revenue accounts for 50% of total revenues for governmental activities.
- The ad valorem tax rate for fiscal year 2021 was \$0.4863 per \$100 of assessed valuation. This was a decrease from the prior tax rate of .4976.
- Sales tax revenue was \$16 million for fiscal year 2021, an increase of 27% over the prior year. Sales tax revenue constitutes 24% of the total revenue for governmental activities.
- Other taxes, which include franchise, mixed beverage and hotel occupancy taxes, totaled \$5 million.
- Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business-type activities is described on the following page.

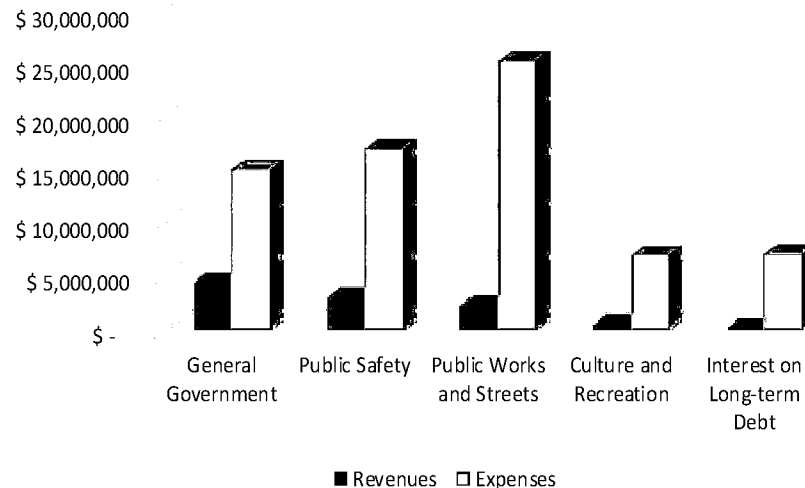
- **Governmental activities program revenue** was \$10 million. Charges for services are the largest component of this revenue category. These are comprised primarily of development and building inspection fees, parks and pool fees, and court fines.
- **Business-type activities program revenue** totaled \$56 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 \$14 million of revenue during fiscal year 2021.

### Governmental Activities Revenues



## Expenses

**Governmental activities.** The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled \$19,418,542. Removing depreciation expense, the operating expenditures for governmental activities increased by 12% in fiscal year 2021. Increased personnel costs due to increasing the City headcount attributed to the overall increase.



**Business-type activities.** Business-type activities increased the City's net position by \$19 million. This increase in net position was composed primarily of increased water and wastewater due to growth and increased capital contributions (water and wastewater infrastructure donations) from developers. Charges for services for business-type activities increased 19% during fiscal year 2021 due to growth within the City.

## Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City's governmental funds reported a combined ending fund balance of \$114,336,926, an increase of \$65,367,308 in comparison with the fiscal year beginning fund balance. Operating revenues increased and the City issued new bonds. Approximately 20% of this total amount (\$23 million) constitutes unassigned fund balance, which is available for spending at the City's discretion. Funds have been restricted, by law or outside sources, to pay for capital projects (\$76,843,176); debt service (\$4,814,253); and specific programs in the special revenue fund (\$3,349,762).

In addition, funds have been assigned by the City Council to pay for specific programs in the special revenue fund (\$5,111) and (\$6,164,629) for the subsequent year's budget deficit.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance in the general fund was \$23,159,995. 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 51% of total general fund expenditures.

The fund balance of the City's general fund increased by \$6,185,600 during fiscal year 2021. General fund property tax revenue increased 9% from fiscal year 2020 due to higher average residential value within the City and growth from new construction. Sales tax revenue increased 27% during fiscal 2021 to \$16 million as new retail continues to develop within the City.



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

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

The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest. On September 30, 2021, this fund had a total balance of \$4,814,253. The increase in this fund balance was due to the debt issuance during the year.

The capital projects fund is used to account for financial resources dedicated for the acquisition or construction of major capital facilities other than those financed by the proprietary funds. Expenditures for construction projects include multiple Pecan Street Intersection improvements, subdivision streets reconstruction, Old Austin Hutto Road widening and roundabout, a new Justice Center Evidence Storage Facility, and park development including Lake Pflugerville Phase 1. The increase in fund balance is attributable to the \$78.5 million bond issue (bond proceeds) that the City has yet to spend.

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

Unrestricted net position of the utility fund at the end of the year amounted to \$9,625,226. The total growth in net position was \$18,570,119. This increase in net position was composed primarily of increased revenues in water and wastewater sales due to growth and increased demand.

## **General Fund Budgetary Highlights**

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

The City approved multiple sets of general fund budget amendments during fiscal year 2021. These amendments increased the overall budgeted expenditures by \$2,344,347 from the original budget, an increase of 5%. This increase was offset by an increase in budgeted intergovernmental revenue of \$1,400,000 and budgeted sales taxes of \$944,989. The City received a Cares Act grant and experienced growth in the City, which resulted in an increase in sales taxes.

The increase in budgetary expenditures was primarily in the City Manager's Office. The City increased the budget for emergency management items. The largest expenditures in the City's Manager's Office were for salaries and other professional fees. These were related to COVID-19 items and a winter storm in February of 2021.

Sales tax revenues exceeded budget by \$3.8 million. This can be attributed to growth within the City. Intergovernmental revenues exceeded budget by \$1.8 million, primarily due to the CARES Act grant mentioned above. Expenditures came in \$1.6 million under budgeted amounts. The largest variance of expenditures over budget occurred in the City's Manager's Office as discussed above.

## **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, 2021, amounts to \$512,382,224, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, software, park facilities, streets, water and wastewater facilities, and infrastructure.

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

- Construction was completed on the Highland Park North Park Development, Biltmore Intersection, Stone Hill Splash Pad and Yellow Sage Project.
- Construction continues on Kelly Lane, Colorado Sand Drive and Historic Colored Subdivision.
- New construction projects started during the year include the Justice Center Evidence Building, Trail Improvements and various road improvements.
- Construction was completed on the West SH130 Interceptor
- Construction work continues on the Central Wastewater Treatment Plant Capacity Expansion.

### Capital Assets

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Land	\$ 13,983,390	\$ 13,983,390	\$ 8,289,161	\$ 8,289,161	\$ 22,272,551	\$ 22,272,551
Service rights	-	-	3,843,758	250,000	3,843,758	250,000
Buildings and improvements	34,016,518	35,885,274	7,891,183	8,405,960	41,907,701	44,291,234
Machinery and equipment	5,552,807	5,696,240	1,877,489	1,649,035	7,430,296	7,345,275
Software	814,718	888,783	-	-	814,718	888,783
Infrastructure	182,949,647	195,464,010	179,839,436	161,160,396	362,789,083	356,624,406
Construction in progress	13,238,102	7,103,095	60,086,015	40,347,003	73,324,117	47,450,098
Total capital assets	<u>\$ 250,555,182</u>	<u>\$ 259,020,792</u>	<u>\$ 261,827,042</u>	<u>\$ 220,101,555</u>	<u>\$ 512,382,224</u>	<u>\$ 479,122,347</u>

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

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

**Long-term Debt.** As of September 30, 2021, the City had total bonded debt outstanding of \$333,010,000 secured by the full faith and credit of the City.

	Governmental Activities		Business-type Activities		Totals	
	2021	2020	2021	2020	2021	2020
Limited tax bonds	\$ 71,065,000	\$ 25,100,000	\$ -	\$ -	\$ 71,065,000	\$ 25,100,000
Limited tax refunding bonds	33,166,088	21,985,948	40,248,912	47,819,052	73,415,000	69,805,000
Limited tax and refunding bonds	58,804,200	63,012,345	10,095,800	7,797,655	68,900,000	70,810,000
Certificates of obligation	42,260,822	41,584,000	77,369,178	42,761,000	119,630,000	84,345,000
Total	<u>\$ 205,296,110</u>	<u>\$ 151,682,293</u>	<u>\$ 127,713,890</u>	<u>\$ 98,377,707</u>	<u>\$ 333,010,000</u>	<u>\$ 250,060,000</u>

The City's total debt outstanding increased by \$82,950,000 (33%) during the current fiscal year as a result of debt issuances during the year.

The State of Texas limits the legal amount of the tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City's 2021 debt levy equaled \$0.1872 per \$100 assessed valuation, or 12.5% of the maximum allowed.

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

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

Through these challenging times, the City has continued to experience rapid population growth and a strong economy as evidenced by the increase in sales tax revenue and property values, economic development activity, and continued residential construction. According to the U.S. Census, the City's population increased from 48,370 in 2010 to an estimated 65,380 (35%) in 2019. The City's Planning Department currently approximates the population at 77,600 and anticipates continuing growth with a projected population between 88,700 and 94,200 by 2025. This growth is reflective of the population increase seen in the entire Central Texas (Austin/Round Rock MSA) region and by the amount of housing currently under development in Pflugerville.

With little to no impact from the protocols imposed because of the pandemic, construction began on a 3.8 million square foot logistics and distribution center on East Pecan Street, west of State Highway 130 in early 2020. The four and a half story logistics facility will include warehouse and supporting office space. An adjacent 150-acre property was rezoned in June to an urban district allowing for a mix of residential and commercial spaces. On the west side of the City, the Pecan District completed construction of the first phase of a multi-phase, multi-use development. In Stone Hill Town Center, construction has begun on two hotels, while several infill commercial sites are nearing completion. Residential and commercial development continues to thrive throughout the City.

The budgeting process focused on providing the infrastructure and systems necessary to support the delivery of services to the residents and businesses of Pflugerville. For FY22, the City's total estimated property tax levy of \$34.9 million is an increase of \$2.7 million over the current tax levy of \$32.3 million. The voter approval rate was calculated at 0.5105 per \$100 of valuation. The adopted tax rate of 0.4863 per \$100 of valuation levied consists of two components: 0.2867 goes to maintenance and operations (M&O) and 0.1996 goes to debt service payments. The M&O rate represents a decrease by (0.0234) from the prior year and debt service represents an increase of 0.0234 from the prior year. One cent of the adopted tax of 0.4863 represents \$718K.

## **Contacting the City's Financial Management**

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

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

(512) 990-6100  
[www.pflugervilletx.gov](http://www.pflugervilletx.gov)  
[finance@pflugervilletx.gov](mailto:finance@pflugervilletx.gov)



## **BASIC FINANCIAL STATEMENTS**

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF NET POSITION**

**SEPTEMBER 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 45,398,118	\$ 17,404,895	\$ 62,803,013	\$ 15,172,161
Receivables (net of allowance)	6,034,994	5,847,303	11,882,297	1,486,308
Internal balances	393,721	( 393,721)	-	-
Due from component unit	176,753	-	176,753	-
Restricted assets:				
Restricted cash and investments	84,142,126	37,583,134	121,725,260	-
Investment in direct financing lease	-	-	-	20,700,000
Prepays	-	-	-	5,149
Capital assets, not being depreciated:				
Land	13,983,390	8,289,161	22,272,551	3,722,742
Water rights	-	3,843,758	3,843,758	-
Construction in progress	13,238,102	60,086,015	73,324,117	-
Capital assets, net of depreciation:				
Buildings and improvements	34,016,518	7,891,183	41,907,701	91,731
Machinery and equipment	5,552,807	1,877,489	7,430,296	43,776
Software	814,718	-	814,718	-
Infrastructure and system	<u>182,949,647</u>	<u>179,839,436</u>	<u>362,789,083</u>	<u>-</u>
Total assets	<u>386,700,894</u>	<u>322,268,653</u>	<u>708,969,547</u>	<u>41,221,867</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Related to pensions	2,380,326	418,411	2,798,737	-
Related to OPEB - retiree health plan	280,889	49,374	330,263	-
Related to OPEB -				
TMRS supplemental death benefit	265,575	46,682	312,257	-
Deferred charge on refunding	<u>5,127,100</u>	<u>2,955,893</u>	<u>8,082,993</u>	<u>-</u>
Total deferred outflows of resources	<u>8,053,890</u>	<u>3,470,360</u>	<u>11,524,250</u>	<u>-</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF NET POSITION (continued)**

**SEPTEMBER 30, 2021**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>LIABILITIES</b>				
Accounts payable	\$ 5,573,080	\$ 7,664,406	\$ 13,237,486	\$ 44,936
Wages payable	686,295	130,187	816,482	-
Due to primary government	-	-	-	176,753
Escrow payable	9,872,982	-	9,872,982	-
Accrued interest payable	1,280,242	748,206	2,028,448	426,233
Unearned revenue	3,070,220	-	3,070,220	-
Customer deposits	-	568,564	568,564	-
Noncurrent liabilities:				
Due within one year:				
Long-term debt	7,165,310	5,084,859	12,250,169	870,000
Total OPEB liability - retiree health plan	22,733	3,995	26,728	-
Total OPEB liability - supplemental death benefit	3,583	630	4,213	-
Due in more than one year:				
Long-term debt	219,249,070	137,524,940	356,774,010	20,750,000
Net pension liability	7,963,133	1,399,751	9,362,884	-
Total OPEB liability - retiree health plan	831,978	146,245	978,223	-
Total OPEB liability - supplemental death benefit	927,458	163,028	1,090,486	-
Total liabilities	<u>256,646,084</u>	<u>153,434,811</u>	<u>410,080,895</u>	<u>22,267,922</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Related to pensions	1,956,807	343,965	2,300,772	-
Related to OPEB - TMRS supplemental death benefit	29,253	5,142	34,395	-
Related to OPEB - retiree health plan	<u>385,571</u>	<u>67,776</u>	<u>453,347</u>	<u>-</u>
Total deferred inflows of resources	<u>2,371,631</u>	<u>416,883</u>	<u>2,788,514</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	109,359,679	138,735,824	248,095,503	3,858,249
Restricted for capital projects	-	23,526,269	23,526,269	-
Restricted for specific programs	3,349,762	-	3,349,762	-
Restricted for debt service	3,725,041	-	3,725,041	-
Restricted for economic development	-	-	-	15,095,696
Unrestricted	<u>19,302,587</u>	<u>9,625,226</u>	<u>28,927,813</u>	<u>-</u>
Total net position	<u>\$ 135,737,069</u>	<u>\$ 171,887,319</u>	<u>\$ 307,624,388</u>	<u>\$ 18,953,945</u>



**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 15,074,548	\$ 4,296,197	\$ 161,852	\$ -
Public safety	16,866,513	779,473	2,229,954	-
Public works and streets	25,359,135	-	1,265,000	892,547
Culture and recreation	6,866,887	297,478	24,155	-
Interest and fiscal charges	6,955,409	-	-	-
Total governmental activities	71,122,492	5,373,148	3,680,961	892,547
Business-type activities:				
Water and wastewater	30,104,349	35,403,711	-	13,630,847
Solid waste	6,432,350	6,690,597	-	-
Total business-type activities	36,536,699	42,094,308	-	13,630,847
Total primary government	\$ 107,659,191	\$ 47,467,456	\$ 3,680,961	\$ 14,523,394
Component unit:				
Pflugerville Community				
Development Corporation	\$ 4,662,739	\$ -	\$ -	\$ -

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF ACTIVITIES (continued)**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Net (Expense) Revenue and Changes in Net Position			
	Primary Government			Component Unit
Functions/Programs	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>Primary government:</b>				
Governmental activities:				
General government	\$( 10,616,499)	\$ -	\$( 10,616,499)	
Public safety	( 13,857,086)	-	( 13,857,086)	
Public works and streets	( 23,201,588)	-	( 23,201,588)	
Culture and recreation	( 6,545,254)	-	( 6,545,254)	
Interest and fiscal charges	( 6,955,409)	-	( 6,955,409)	
Total governmental activities	( 61,175,836)	-	( 61,175,836)	
Business-type activities:				
Water and wastewater	-	18,930,209	18,930,209	
Solid waste	-	258,247	258,247	
Total business-type activities	-	19,188,456	19,188,456	
Total primary government	( 61,175,836)	19,188,456	( 41,987,380)	
<b>Component unit:</b>				
Pflugerville Community Development Corporation				\$( 4,662,739)
<b>General revenues:</b>				
Taxes:				
Property	32,643,859	-	32,643,859	-
Sales	16,095,717	-	16,095,717	8,035,871
Franchise	4,778,171	-	4,778,171	-
Mixed beverage	111,485	-	111,485	-
Hotel	393,876	-	393,876	-
Unrestricted investment income	74,902	70,173	145,075	10,962
Miscellaneous	1,705,147	61,490	1,766,637	-
Transfers	750,000	( 750,000)	-	-
Total general revenues and transfers	56,553,157	( 618,337)	55,934,820	8,046,833
Change in net position	( 4,622,679)	18,570,119	13,947,440	3,384,094
Net position - beginning	140,359,748	153,317,200	293,676,948	15,569,851
Net position - ending	\$ 135,737,069	\$ 171,887,319	\$ 307,624,388	\$ 18,953,945

**CITY OF PFLUGERVILLE, TEXAS**

**BALANCE SHEET**

**GOVERNMENTAL FUNDS**

**AS OF SEPTEMBER 30, 2021**

	<u>General</u>	<u>Special Revenue</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Total Governmental</u>
<b>ASSETS</b>					
Cash and investments	\$ 29,006,160	\$ 3,448,757	\$ 4,796,715	\$ 92,288,612	\$ 129,540,244
Taxes receivable	3,629,592	19,285	191,030	-	3,839,907
Other receivables	218,513	243,701	-	1,732,873	2,195,087
Due from other funds	497,771	49,209	22,888	-	569,868
Due from component unit	176,753	-	-	-	176,753
Total assets	<u>\$ 33,528,789</u>	<u>\$ 3,760,952</u>	<u>\$ 5,010,633</u>	<u>\$ 94,021,485</u>	<u>\$ 136,321,859</u>
<b>LIABILITIES</b>					
Accounts payable	2,990,262	221,783	-	2,361,035	5,573,080
Wages payable	686,295	-	-	-	686,295
Due to other funds	20,098	-	5,350	150,699	176,147
Unearned revenue	-	-	-	3,070,220	3,070,220
Escrow payable	-	-	-	9,872,982	9,872,982
Total liabilities	<u>3,696,655</u>	<u>221,783</u>	<u>5,350</u>	<u>15,454,936</u>	<u>19,378,724</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue - property taxes	341,210	-	191,030	-	532,240
Unavailable revenue - court fines	166,300	-	-	-	166,300
Unavailable revenue - grants	-	184,296	-	1,723,373	1,907,669
Total deferred inflows of resources	<u>507,510</u>	<u>184,296</u>	<u>191,030</u>	<u>1,723,373</u>	<u>2,606,209</u>
<b>FUND BALANCES</b>					
Restricted for:					
Debt service	-	-	4,814,253	-	4,814,253
Capital projects	-	-	-	76,843,176	76,843,176
Specific programs	-	3,349,762	-	-	3,349,762
Assigned for:					
Subsequent year's budget:					
appropriation of fund balance	6,164,629	-	-	-	6,164,629
Specific programs	-	5,111	-	-	5,111
Unassigned	23,159,995	-	-	-	23,159,995
Total fund balance	<u>29,324,624</u>	<u>3,354,873</u>	<u>4,814,253</u>	<u>76,843,176</u>	<u>114,336,926</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 33,528,789</u>	<u>\$ 3,760,952</u>	<u>\$ 5,010,633</u>	<u>\$ 94,021,485</u>	<u>\$ 136,321,859</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

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

**AS OF SEPTEMBER 30, 2021**

Fund balances of governmental funds	\$ 114,336,926
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.	250,555,182
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 205,296,110)
The total OPEB liability and related deferred inflows and outflows are not included in the fund financial statements.	( 1,654,112)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.	( 953,146)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	( 1,280,242)
Premiums and discounts on bond issuances are recorded as other financing sources and uses when received in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	( 20,165,124)
Deferred charges on bond refundings are recognized in the fund financial statements when bonds are issued but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	5,127,100
Included in long-term liabilities is the recognition of the City's net pension liability in the amount of \$9,362,884, a related deferred outflow of resources of \$2,380,326 and a related deferred inflow of resources of \$1,956,807. This results in a decrease in net position.	( 7,539,614)
Receivables from property taxes (\$532,240) and fines (\$166,300) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.	<u>2,606,209</u>
Net position of governmental activities	<u>\$ 135,737,069</u>

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>REVENUES</b>					
Taxes:					
Property	\$ 19,756,345	\$ 1,646,904	\$ 11,245,886	\$ -	\$ 32,649,135
Sales	16,095,717	-	-	-	16,095,717
Franchise	4,696,922	81,249	-	-	4,778,171
Mixed beverage	111,485	-	-	-	111,485
Hotel	-	393,876	-	-	393,876
Licenses and permits	4,304,743	61,435	-	-	4,366,178
Intergovernmental	4,087,073	5,910	698,974	2,157,547	6,949,504
Fines and forfeitures	459,890	111,620	-	-	571,510
Investment income	22,867	1,497	16,483	34,055	74,902
Charges for services	213,921	-	-	-	213,921
Deutschen Pfest income	22,479	-	-	-	22,479
Miscellaneous	301,444	2,470	-	-	303,914
Total revenues	<u>50,072,886</u>	<u>2,304,961</u>	<u>11,961,343</u>	<u>2,191,602</u>	<u>66,530,792</u>
<b>EXPENDITURES</b>					
Current:					
General government	14,315,441	307,413	-	-	14,622,854
Public safety	16,062,886	180,688	-	-	16,243,574
Public works and streets	9,217,567	-	-	24,691	9,242,258
Culture and recreation	4,772,624	20,000	-	-	4,792,624
Debt service:					
Agent fees/issuance costs	-	-	231,792	651,459	883,251
Interest	-	2,058	6,472,111	-	6,474,169
Principal retirement	-	-	5,221,090	-	5,221,090
Capital outlay	1,185,457	254,330	-	10,078,661	11,518,448
Total expenditures	<u>45,553,975</u>	<u>764,489</u>	<u>11,924,993</u>	<u>10,754,811</u>	<u>68,998,268</u>
<b>EXCESS (DEFICIENCY) OF OVER (UNDER) EXPENDITURES</b>	<u>4,518,911</u>	<u>1,540,472</u>	<u>36,350</u>	<u>( 8,563,209)</u>	<u>( 2,467,476)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	( 679,534)	-	-	( 679,534)
Transfers in	832,349	-	597,185	-	1,429,534
Issuance of bonds	-	-	18,866,750	59,633,400	78,500,150
Premium on issuance of bonds	-	-	3,080,317	6,393,059	9,473,376
Payment to escrow agent	-	-	( 21,723,082)	-	( 21,723,082)
Sale of capital assets	487,041	-	-	-	487,041
Insurance recoveries	347,299	-	-	-	347,299
Total other financing sources and uses	<u>1,666,689</u>	<u>( 679,534)</u>	<u>821,170</u>	<u>66,026,459</u>	<u>67,834,784</u>
<b>NET CHANGE IN FUND BALANCES</b>	<u>6,185,600</u>	<u>860,938</u>	<u>857,520</u>	<u>57,463,250</u>	<u>65,367,308</u>
<b>FUND BALANCES, BEGINNING</b>	<u>23,139,024</u>	<u>2,493,935</u>	<u>3,956,733</u>	<u>19,379,926</u>	<u>48,969,618</u>
<b>FUND BALANCES, ENDING</b>	<u>\$ 29,324,624</u>	<u>\$ 3,354,873</u>	<u>\$ 4,814,253</u>	<u>\$ 76,843,176</u>	<u>\$ 114,336,926</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES  
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
TO THE STATEMENT OF ACTIVITIES**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

Net change in fund balances - total governmental funds	\$ 65,367,308
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.	10,999,895
Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of the loss on capital asset disposals is to decrease net position.	( 46,963)
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.	( 19,418,542)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reduction in long-term debt in the government-wide financial statements.	5,221,090
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as an increase in long-term debt in the government-wide financial statements.	( 78,500,150)
The payment to escrow agent for the refunding bonds decreases fund balance in the fund financial statements.	21,723,082
Decreases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's decrease is to increase net position.	( 55,024)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The decrease in interest accrual increases net position.	( 254,557)
Certain OPEB expenditures are not expended in the government-wide financial statements and recorded as deferred resource outflows. This item relates to contributions made after the measurement date. Additionally, a portion of the City's unrecognized deferred resource outflows related to the total OPEB liability were amortized.	187,052
Discounts and premiums on bond issuances are recorded as an other financing source or use when received in the fund financial statements but are deferred and amortized in the government-wide financial statements.	( 8,595,051)
Deferred amount on bond refunding is capitalized in the government-wide financial statements and amortized over the life of the debt. The net effect is to decrease net position.	( 221,757)
Certain expenditures for the pension that are recorded to the fund financial statements must be recorded as deferred outflows of revenues. The City's share of the unrecognized deferred inflows and outflows for TMRS as of the measurement date must be amortized and the City's pension expense must be recognized. The net effect is a decrease in net position.	539,294
Revenues from property taxes, fines and grants are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.	( 1,568,356)
Change in net position - statement of activities	<u>\$ ( 4,622,679)</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

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

**GENERAL FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Budgeted Amounts</u>			
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
<b>REVENUES</b>				
Taxes:				
Property	\$ 19,465,373	\$ 19,465,373	\$ 19,756,345	\$ 290,972
Sales	11,350,000	12,294,989	16,095,717	3,800,728
Franchise	4,600,000	4,600,000	4,696,922	96,922
Mixed beverage	104,000	104,000	111,485	7,485
Licenses and permits	2,751,411	2,751,411	4,304,743	1,553,332
Intergovernmental	851,800	2,251,800	4,087,073	1,835,273
Fines and forfeitures	697,790	697,790	459,890	( 237,900)
Interest income	250,000	250,000	22,867	( 227,133)
Charges for services	670,400	670,400	213,921	( 456,479)
Deutschen Pfest income	-	-	22,479	22,479
Miscellaneous	<u>968,700</u>	<u>968,700</u>	<u>301,444</u>	<u>( 667,256)</u>
Total revenues	<u>41,709,474</u>	<u>44,054,463</u>	<u>50,072,886</u>	<u>6,018,423</u>
<b>EXPENDITURES</b>				
Current:				
General government:				
Administration	2,327,277	2,327,277	2,435,710	( 108,433)
Legal	415,000	415,000	650,809	( 235,809)
Information technology	2,193,798	2,193,798	1,309,418	884,380
Development services admin	916,881	997,554	901,366	96,188
Planning	1,605,412	1,605,412	1,801,817	( 196,405)
Court	469,409	469,409	372,809	96,600
Fleet	330,011	330,011	319,858	10,153
Field Operations	315,843	316,486	232,157	84,329
City Manager's office	1,821,045	3,221,045	3,639,270	( 418,225)
People & culture	795,024	795,024	752,684	42,340
Finance	1,118,361	1,228,960	1,242,056	( 13,096)
Fleet	710,502	711,575	657,487	54,088
Public safety:				
Building	746,522	746,522	782,393	( 35,871)
Animal welfare services	804,302	805,976	782,484	23,492
Police	14,440,782	14,556,022	14,498,009	58,013
Public works and streets:				
Development engineering	-	-	2,458	( 2,458)
CIP Engineering	2,009,673	2,009,673	2,326,826	( 317,153)
Streets and drainage	6,029,894	6,344,894	5,690,262	654,632
Resource recovery	-	-	216	( 216)
Facilities maintenance	1,059,428	1,359,428	1,197,805	161,623
Culture and recreation:				
Library	1,450,294	1,459,862	1,347,425	112,437
Parks and recreation	2,372,858	2,382,735	1,876,380	506,355
Parks operations	1,711,926	1,711,926	1,548,819	163,107
Capital outlay	<u>1,131,615</u>	<u>1,131,615</u>	<u>1,185,457</u>	<u>( 53,842)</u>
Total expenditures	<u>44,775,857</u>	<u>47,120,204</u>	<u>45,553,975</u>	<u>1,566,229</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL (continued)**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	<u>( 3,066,383)</u>	<u>( 3,065,741)</u>	<u>4,518,911</u>	<u>7,584,652</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,045,356	1,045,356	832,349	( 213,007)
Fund balance transfer	1,950,000	1,950,000	-	( 1,950,000)
Sale of capital assets	50,000	50,000	487,041	437,041
Insurance recoveries	<u>25,000</u>	<u>25,000</u>	<u>347,299</u>	<u>322,299</u>
Total other financing sources and uses	<u>3,070,356</u>	<u>3,070,356</u>	<u>1,666,689</u>	<u>( 1,403,667)</u>
 <b>NET CHANGE IN FUND BALANCE</b>	 3,973	 4,615	 6,185,600	 6,180,985
 <b>FUND BALANCE, BEGINNING</b>			 <u>23,139,024</u>	
 <b>FUND BALANCE, ENDING</b>			 <u>\$ 29,324,624</u>	



**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUND**

**SEPTEMBER 30, 2021**

	Enterprise Utility
<b>ASSETS</b>	
Current assets:	
Cash and investments	\$ 17,404,895
Restricted cash and investments	649,573
Due from other funds	101,574
Accounts receivable, net	<u>5,847,303</u>
Total current assets	<u>24,003,345</u>
Non-current assets:	
Restricted cash and investments:	
Bond accounts	13,407,292
Impact fees	23,526,269
Capital assets:	
Land	8,289,161
Water rights	3,843,758
Buildings and improvements	15,453,318
Equipment	6,147,896
Infrastructure and system	249,762,361
Construction in progress	60,086,015
Less accumulated depreciation	<u>( 81,755,467)</u>
Total capital assets, net of accumulated depreciation	<u>261,827,042</u>
Total non-current assets	<u>298,760,603</u>
Total assets	<u>322,763,948</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>	
Deferred charge on refunding	2,955,893
Related to pensions	418,411
Related to OPEB - retiree health plan	49,374
Related to OPEB - TMRS supplemental death benefit	<u>46,682</u>
Total deferred outflows of resources	<u>3,470,360</u>

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF NET POSITION (continued)**

**PROPRIETARY FUND**

**SEPTEMBER 30, 2021**

	<u>Enterprise</u> <u>Utility</u>
<b>LIABILITIES</b>	
Current liabilities:	
Accounts payable	\$ 7,664,406
Wages payable	130,187
Due to other funds	495,295
Customer deposits	568,564
Accrued interest payable	748,206
Total OPEB liability - retiree health plan	3,995
Total OPEB liability - TMRS supplemental death benefit	630
Compensated absences	24,540
Bonds payable	<u>5,060,319</u>
Total current liabilities	<u>14,696,142</u>
Non-current liabilities:	
Compensated absences	98,159
Bonds payable	137,426,781
Net pension liability	1,399,751
Total OPEB liability - retiree health plan	146,245
Total OPEB liability - TMRS supplemental death benefit	<u>163,028</u>
Total non-current liabilities	<u>139,233,964</u>
Total liabilities	<u>153,930,106</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>	
Related to pensions	343,965
Related to OPEB - TMRS supplemental death benefit	5,142
Related to OPEB - retiree health plan	<u>67,776</u>
Total deferred inflows of resources	<u>416,883</u>
<b>NET POSITION</b>	
Net investment in capital assets	138,735,824
Restricted for capital projects	23,526,269
Unrestricted	<u>9,625,226</u>
Total net position	\$ <u>171,887,319</u>



**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET POSITION**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Enterprise</u>
	<u>Utility</u>
<b>OPERATING REVENUE</b>	
Charges for sales and services:	
Water sales	\$ 20,387,501
Wastewater sales	15,016,210
Solid waste sales	6,690,597
Other income	<u>61,490</u>
Total operating revenues	<u>42,155,798</u>
<b>OPERATING EXPENSES</b>	
Utility administration	2,399,679
Water operations	13,978,901
Wastewater operations	3,455,886
Solid waste operations	6,432,350
Depreciation and amortization	<u>5,861,195</u>
Total operating expenses	<u>32,128,011</u>
<b>OPERATING INCOME</b>	10,027,787
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Investment income	70,173
Intergovernmental	100,000
Bond issuance costs	( 702,987)
Interest expense and fees	( 3,715,984)
Gain (loss) on sale of capital assets	<u>10,283</u>
Total nonoperating revenues (expenses)	<u>( 4,238,515)</u>
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	5,789,272
Capital contributions	13,530,847
Transfers out	<u>( 750,000)</u>
<b>CHANGE IN NET POSITION</b>	18,570,119
<b>NET POSITION, BEGINNING</b>	<u>153,317,200</u>
<b>NET POSITION, ENDING</b>	\$ <u>171,887,319</u>

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

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF CASH FLOWS**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Enterprise Fund
	Utility
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 41,280,269
Payments to or on behalf of employees	( 4,135,595)
Payments to suppliers	( 26,030,471)
Net cash provided by operating activities	<u>11,114,203</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to other funds	( 750,000)
Net cash used by noncapital financing activities	<u>( 750,000)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Capital grants	100,000
Proceeds from issuance of debt	78,080,826
Capital contributions	6,720,890
Acquisition of capital assets	( 40,776,725)
Principal paid on bonds	( 3,259,451)
Payment to refunding bond escrow agent	( 39,961,379)
Interest and fiscal charges on debt	( 4,011,692)
Proceeds from the sale of assets	10,283
Net cash provided by capital and related financing activities	<u>( 3,097,248)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
Interest received	<u>70,173</u>
Net cash provided by investing activities	<u>70,173</u>
<b>NET INCREASE IN CASH AND CASH EQUIVALENTS</b>	7,337,128
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>47,650,901</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 54,988,029</u>
<b>RECONCILIATION TO STATEMENT OF NET POSITION</b>	
Current assets:	
Cash and investments	\$ 17,404,895
Restricted cash and investments	649,573
Non-current assets:	
Restricted cash and investments:	
Bond accounts	13,407,292
Impact fees	<u>23,526,269</u>
Total cash and investments	<u>\$ 54,988,029</u>

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

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**STATEMENT OF CASH FLOWS (continued)**

**PROPRIETARY FUND**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	<u>Enterprise</u>
	<u>Utility</u>
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>	
Operating income	\$ 10,027,787
Adjustments to reconcile operating income to net cash provided by operating activities:	
Depreciation and amortization	5,861,195
(Increase) decrease in assets:	
Accounts receivable	( 875,529)
Due from other funds	( 101,574)
Increase (decrease) in liabilities:	
Account payable	( 3,754,043)
Accrued liabilities	35,969
Due to other funds	( 82,993)
Customer deposits	150,410
Compensated absences	21,506
Net pension liability	( 89,261)
Total OPEB liability	<u>( 79,264)</u>
Net cash provided by operating activities	\$ <u>11,114,203</u>
<b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>	
Infrastructure contributed by developers	\$ 6,809,957



**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**SEPTEMBER 30, 2021**

**I. REPORTING ENTITY**

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

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

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

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

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

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

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



## II. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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

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

The City reports the following major proprietary fund type:

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

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

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

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

##### **A. Cash and Cash Equivalents**

For purposes of the statement of cash flows for the proprietary fund types, the City considers all highly liquid investments (including restricted assets) with a maturity of three months or less when purchased to be cash equivalents.

##### **B. Investments**

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

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

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

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

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

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

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

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

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

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

As of September 30, 2021, the City does not have any investments that qualify for fair value reporting requirements.

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

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

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

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

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

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

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

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

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

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

Unavailable revenue – The governmental funds report unavailable revenues from property taxes, court fines and grants. These amounts are deferred and recognized as inflows of resources in the period that the amounts become available.

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

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

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

## **G. Capital Assets**

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest expense was capitalized in the enterprise fund during the 2021 fiscal year.

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

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

<u>Assets</u>	<u>Years</u>
Buildings	30
Utility distribution system	20-50
Streets and public domain infrastructure	15-50
Improvements	15
Equipment	10
Software	5-15

## **H. Long-term Obligations**

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

## **I. Pensions**

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City-specific information about its fiduciary net position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's total pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in accordance with Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

**J. Other Post-Employment Benefits.**

**TMRS Supplemental Death Benefits Fund.** The City participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF), which is an optional single-employer defined benefit life insurance plan that is administered by TMRS. It provides death benefits to active and, if elected, retired employees of participating employers. Contribution rates are determined annually for each participating municipality as a percentage of that City's covered payroll. The death benefit for retirees is considered an other post-employment benefit (OPEB). The OPEB program is an unfunded trust because the SDBF trust covers both actives and retirees and is not segregated. The total OPEB liability of the plan has been determined using the flow of economic resources measurement focus and full accrual basis of accounting. This includes for purposes of measuring the total OPEB liability, deferred inflows and outflows of resources, and OPEB expense. Benefit payments are recognized when due and payable in accordance with the benefit terms.

**K. Bond Issuance Costs**

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

**L. Compensated Absences**

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

**M. Use of Estimates**

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

**N. Property Taxes**

Property is appraised and a lien on such property becomes enforceable as of January 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to \$2.50 per \$100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2021, was \$0.4863 per \$100 of assessed valuation.

**O. Fund Balance**

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

Nonspendable fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. As of September 30, 2021, the City had no nonspendable fund balances.

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

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

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

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

As of September 30, 2021, the various fund balance purposes were as follows:

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
Restricted:					
Debt service	\$ -	\$ -	\$ 4,814,253	\$ -	\$ 4,814,253
Capital projects	-	-	-	76,843,176	76,843,176
Seizure funds	-	119,252	-	-	119,252
Child safety fees	-	27,476	-	-	27,476
LEOSE training	-	14,114	-	-	14,114
Municipal court	-	130,260	-	-	130,260
Bike rodeo	-	1,555	-	-	1,555
National Night Out	-	5,709	-	-	5,709
PEG	-	14,270	-	-	14,270
HOT	-	216,190	-	-	216,190
TIRZ #1	-	2,747,210	-	-	2,747,210
Deutschen Pfest	-	73,726	-	-	73,726
Assigned:					
CERT	-	3,477	-	-	3,477
Citizens on Patrol/Citizens'					
Police Academy	-	1,634	-	-	1,634
Subsequent year's budget	6,164,629	-	-	-	6,164,629
Unassigned	<u>23,159,995</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>23,159,995</u>
Total fund balance	<u>\$ 29,324,624</u>	<u>\$ 3,354,873</u>	<u>\$ 4,814,253</u>	<u>\$ 76,843,176</u>	<u>\$ 114,336,926</u>

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

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

#### **P. General Fund Balance Policy**

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

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

**Q. Utility Net Position Policy**

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

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

**V. STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

**A. Budgetary Information**

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

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

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

A legally approved annual 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 annual budget is not adopted for the Special Revenue Fund. The Special Revenue Fund is expended in accordance with the purpose for which it has been assigned, committed, or restricted.

**VI. DETAILED NOTES ON ALL FUNDS**

**A. Cash and Investments**

*Custodial Credit Risk.* Deposits (cash and certificates of deposit) in financial institutions are carried at cost which approximates fair values. The City's cash deposits as of September 30, 2021, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

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

Following are the City's cash and investments as of September 30, 2021:

	Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	\$ 2,500	N/A
Deposits with financial institutions	1,109,793	N/A
Lone Star Investment Pool - corporate overnight fund	117,606,482	57
TexPool	65,809,498	38
Total Cash and Investments	<u>\$ 184,528,273</u>	50

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

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

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at TexPool Participant Services, C/O Federated Investors Inc., 1001 Texas Avenue, Suite 1150, Houston, Texas 77002. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

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

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

**Credit Risk.** State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2021, the City's investments in Lone Star and TexPool were both rated AAAM by Standard & Poor's.



## B. Capital Assets

A summary of changes in capital assets for the year ended September 30, 2021, follows:

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 13,983,390	\$ -	\$ -	\$ 13,983,390
Construction in progress	7,103,095	9,618,301	3,483,294	13,238,102
Total assets not being depreciated	<u>21,086,485</u>	<u>9,618,301</u>	<u>3,483,294</u>	<u>27,221,492</u>
Capital assets, being depreciated:				
Buildings and improvements	86,232,028	2,912,879	75,000	89,069,907
Machinery and equipment	15,069,914	1,025,359	455,873	15,639,400
Software	1,110,978	-	-	1,110,978
Infrastructure	411,815,049	926,650	-	412,741,699
Total capital assets being depreciated	<u>514,227,969</u>	<u>4,864,888</u>	<u>530,873</u>	<u>518,561,984</u>
Less accumulated depreciation:				
Buildings and improvements	50,346,754	4,781,635	75,000	55,053,389
Machinery and equipment	9,373,674	1,121,829	408,910	10,086,593
Software	222,195	74,065	-	296,260
Infrastructure	216,351,039	13,441,013	-	229,792,052
Total accumulated depreciation	<u>276,293,662</u>	<u>19,418,542</u>	<u>483,910</u>	<u>295,228,294</u>
Total capital assets, being depreciated, net	<u>237,934,307</u>	<u>(14,553,654)</u>	<u>46,963</u>	<u>223,333,690</u>
Governmental activities capital assets, net	<u>\$ 259,020,792</u>	<u>\$ (4,935,353)</u>	<u>\$ 3,530,257</u>	<u>\$ 250,555,182</u>
	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 8,289,161	\$ -	\$ -	\$ 8,289,161
Service rights	250,000	3,593,758	-	3,843,758
Construction in progress	40,347,003	36,624,223	16,885,211	60,086,015
Total assets not being depreciated	<u>48,886,164</u>	<u>40,217,981</u>	<u>16,885,211</u>	<u>72,218,934</u>
Capital assets, being depreciated:				
Buildings and improvements	15,453,318	-	-	15,453,318
Machinery and equipment	5,749,580	558,745	160,429	6,147,896
Infrastructure	226,067,193	23,695,168	-	249,762,361
Total capital assets being depreciated	<u>247,270,091</u>	<u>24,253,913</u>	<u>160,429</u>	<u>271,363,575</u>
Less accumulated depreciation:				
Buildings and improvements	7,047,358	514,777	-	7,562,135
Machinery and equipment	4,100,545	330,291	160,429	4,270,407
Infrastructure	64,906,798	5,016,127	-	69,922,925
Total accumulated depreciation	<u>76,054,701</u>	<u>5,861,195</u>	<u>160,429</u>	<u>81,755,467</u>
Total capital assets, being depreciated, net	<u>171,215,390</u>	<u>18,392,718</u>	<u>-</u>	<u>189,608,108</u>
Business-type activities capital assets, net	<u>\$ 220,101,554</u>	<u>\$ 58,610,699</u>	<u>\$ 16,885,211</u>	<u>\$ 261,827,042</u>

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Discretely presented component unit:</b>				
Capital assets, not being depreciated:				
Land	\$ 3,722,742	\$ -	\$ -	\$ 3,722,742
Total assets not being depreciated	<u>3,722,742</u>	<u>-</u>	<u>-</u>	<u>3,722,742</u>
Capital assets, being depreciated:				
Leasehold improvements	295,250	-	-	295,250
Furniture and equipment	152,867	17,409	-	170,276
Total capital assets being depreciated	<u>448,117</u>	<u>17,409</u>	<u>-</u>	<u>465,526</u>
Less accumulated depreciation:				
Leasehold improvements	144,469	59,050	-	203,519
Furniture and equipment	99,637	26,863	-	126,500
Total accumulated depreciation	<u>244,106</u>	<u>85,913</u>	<u>-</u>	<u>330,019</u>
Total capital assets, being depreciated, net	<u>204,011</u>	<u>( 68,504)</u>	<u>-</u>	<u>135,507</u>
Discretely presented component unit activities capital assets, net	<u>\$ 3,926,753</u>	<u>\$ ( 68,504)</u>	<u>\$ -</u>	<u>\$ 3,858,249</u>

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

Governmental activities:	
General government	\$ 298,417
Public safety	981,290
Public works	16,005,806
Culture/recreation	2,133,029
Total depreciation expense - governmental activities	<u>\$ 19,418,542</u>
Business-type activities	
Water and sewer	\$ 5,861,195
Total depreciation expense - business-type activities	<u>\$ 5,861,195</u>

### C. Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2021, is as follows:

Receivable Fund	Payable Fund	Amount	Purpose
General	Utility	\$ 358,247	Payables
General	Utility	127,929	Capital outlay
General	Capital Projects	11,595	Payables
Debt Service	General	13,769	Payables and property taxes
Debt Service	Utility	9,119	Payables
Special revenue	Capital Projects	42,880	Payables
Special revenue	General	1,298	TIRZ1
Special revenue	General	5,031	Payables
Utility	Debt	5,350	Principal payment
Utility	Capital Projects	96,224	Payables
		<u>\$ 671,442</u>	
Transfers In	Transfers Out	Amount	Purpose
General	Special revenue	\$ 100,538	Contribution to General Fund
General	Utility fund	750,000	Contribution to General Fund
Debt service	Special revenue	597,185	TIRZ #1 contribution to Debt Service
		<u>\$ 1,447,723</u>	

#### D. Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2021:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 151,682,293	\$ 78,500,150	\$(24,886,333)	\$ 205,296,110	\$ 6,974,681
Premium on bond issuance	12,345,664	9,473,376	( 1,653,916)	20,165,124	-
Discount on bonds	( 5,666)	-	5,666	-	-
Compensated absences	898,122	6,793,524	( 6,738,500)	953,146	190,629
Governmental activities long-term liabilities	<u>164,920,413</u>	<u>94,767,050</u>	<u>(33,273,083)</u>	<u>226,414,380</u>	<u>7,165,310</u>
Business-type activities:					
Utility bonds	98,377,707	69,634,850	(40,298,667)	127,713,890	5,060,319
Premium on bond issuance	9,249,397	8,445,977	( 2,922,164)	14,773,210	-
Compensated absences	101,193	996,463	( 974,957)	122,699	24,540
Business-type activities long-term liabilities	<u>107,728,297</u>	<u>79,077,290</u>	<u>(44,195,788)</u>	<u>142,609,799</u>	<u>5,084,859</u>
Total long-term debt	<u>272,648,710</u>	<u>173,844,340</u>	<u>(77,468,871)</u>	<u>369,024,179</u>	<u>12,250,169</u>
Discretely presented component unit:					
Notes payable	22,455,000	-	( 835,000)	21,620,000	870,000
	<u>\$ 22,455,000</u>	<u>\$ -</u>	<u>\$( 835,000)</u>	<u>\$ 21,620,000</u>	<u>\$ 870,000</u>

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

#### E. General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2021, are as follows:

Fiscal Year	Principal	Interest	Total Requirement
2022	\$ 6,974,681	\$ 7,681,452	\$ 14,656,133
2023	7,591,535	7,519,501	15,111,036
2024	6,816,525	7,086,243	13,902,768
2025	8,293,815	6,905,770	15,199,585
2026	8,720,951	6,469,739	15,190,690
2027-2031	49,121,619	26,096,804	75,218,423
2032-2036	50,438,502	15,826,618	66,265,120
2037-2041	35,162,627	8,560,815	43,723,442
2042-2046	24,608,613	3,650,347	28,258,960
2047-2050	7,567,242	552,676	8,119,918
Total	<u>\$ 205,296,110</u>	<u>\$ 90,349,965</u>	<u>\$ 295,646,075</u>

A summary of tax-supported general obligation debt outstanding as of September 30, 2021, follows:

	Principal Outstanding	Purpose
\$14,982,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of \$21,600 to \$926,400 through August 1, 2034 and interest at 2% to 5%.	\$ 1,629,450	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of \$25,000 to \$310,000 through August 1, 2033 and interest at 2% to 4%.	100,000	Library expansion
\$4,600,000 Series 2013 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$730,000 through August 1, 2033 and interest at 2% to 4%.	200,000	Street projects
\$4,980,000 Series 2014 Combination Tax & Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$345,000 through August 1, 2033 and interest at 2% to 4.125%.	2,080,000	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%.	9,319,200	Partial refunding of prior issues 2004, 2005; Streets and Parks projects
\$8,413,300 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$102,300 to \$478,500 through August 1, 2045 and interest at	7,570,100	Streets projects and one small Parks project
\$8,630,000 Series 2016A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$180,000 to \$445,000 through August 1, 2046 and interest at 3% to 4%.	6,920,000	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%.	5,820,000	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%.	730,000	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%.	49,485,000	Partial refunding of prior issues 2006, 2007 and 2009; Streets and parks projects

		Purpose
\$2,060,000 Series 2017 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$40,000 to \$265,000 through August 1, 2041 and interest at 2% to 5%.	\$ 1,880,000	Infrastructure improvements, street projects
\$17,355,000 Series 2017 Limited Tax Bonds, due in annual installments of \$160,000 to \$745,000 through August 1, 2047 and interest at 2% to 5%.	16,575,000	Streets and Parks projects
\$6,775,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$115,000 to \$660,000 through August 1, 2035 and interest at 2% to 5%.	6,155,000	Partial refunding of prior issue 2009A
\$2,010,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$75,000 to \$160,000 through August 1, 2035 and interest at 2% to 5%.	1,670,000	Partial refunding of prior issue 2009A
\$5,050,000 Series 2019 Limited Tax Bonds, due in annual installments of \$100,000 to \$290,000 through August 1, 2049 and interest at 3% to 5%.	4,950,000	Streets projects
\$6,941,200 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$116,550 to \$403,300 through August 1, 2049 and interest at 3% to 5%.	6,824,650	Streets projects
\$10,265,101 Series 2020 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$202,087 to \$542,619 through August 1, 2050 and interest at 1.5% to 5%.	10,236,072	Streets projects
\$15,265,000 Series 2020A Limited Tax Bonds, due in annual installments of \$315,000 to \$720,000 through August 1, 2050 and interest at 1.5% to 5%.	15,185,000	Streets projects
\$13,211,523 2020B Limited Tax Refunding Bonds, due in annual installments of \$264,042 to \$1,347,618 through August 1, 2035 and interest at 3% to 5%.	12,050,584	Partial refunding of prior issues 2010
\$6,961,273 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$7,947 to \$902,527 through August 1, 2034 and interest at 1.55% to 5%.	6,908,293	Partial refunding of prior issues 2012, 2013, 2014
\$4,781,154 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$4,259 to \$973,605 through August 1, 2033 and interest at 1.55% to 5%.	4,752,761	Partial refunding of prior issues 2013, 2014
\$34,255,000 Series 2021 Limited Tax Bonds, due in annual installments of \$1,170,000 to \$2,270,000 through August 1, 2041 and interest at 2% to 5%.	34,255,000	Streets, parks and recreation/senior center projects
Total General Obligation Debt	<u>\$ 205,296,110</u>	

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

On October 20, 2020, the City issued Limited Tax Refunding Bonds, Series 2020B, of which \$13,745,000 was issued for the purpose of refunding \$16,295,000 of the City's Series 2010 Combination Tax & Revenue Certificates of Obligation, Series 2010 Limited Tax Bonds and Series 2010 Limited Tax Refunding 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 15 years by approximately \$3,251,779 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$2,848,215.

On October 20, 2020, the City issued Limited Tax Refunding Bonds, Series 2020C, Taxable, of which \$34,255,000 was issued for the purpose of refunding \$39,250,000 of the City's Series 2012 Limited Tax Refunding Bonds, Series 2013 Limited Tax Bonds, Series 2013 Combination Tax & Revenue Certificates of Obligation and Series 2014 Combination Tax & Revenue Certificates of Obligation. The net proceeds were deposited in an irrevocable trust to provide for debt service on the refunded bonds until such time that they are redeemed. Bonds refunded are fully defeased at year end and the associated liabilities have been removed from the financial statements. The City refunded these bonds to reduce its total debt service payments over the next 14 years by approximately \$7,769,642 and to obtain a net economic gain (difference between the present values of debt service payments on the old and new debt) of approximately \$6,979,105.

On September 22, 2020, the City issued \$45,970,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2020. The bonds will be used for construction projects. Interest rates range from 1.5% to 5% and principal payments from \$130,000 to \$1,675,000. The debt matures in 2040.

## F. Utility Debt

A summary of utility debt outstanding as of September 30, 2021, follows:

		Purpose
\$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%.	\$ 7,955,550	Partial refunding of prior issues 1999, 2002, 2003, 2004
\$10,267,205 Series 2015 Limited Tax & Refunding Bonds, due in annual installments of \$43,450 to \$3,803,850 through August 1, 2045 and interest at 2.95% to 4.1%.	10,095,800	Partial refunding of prior issues 2004, 2005
\$16,736,700 Series 2015 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$207,700 to \$971,500 through August 1, 2045 and interest at 2% to 5%.	14,694,900	Infrastructure improvements
\$16,950,000 Series 2017A Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,000 to \$1,290,000 through August 1, 2047 and interest at 2% to 5%.	15,450,000	Infrastructure improvements
\$5,345,000 Series 2017 Limited Tax Refunding Bonds, due in annual installments of \$80,000 to \$530,000 through August 1, 2035 and interest at 2% to 5%.	4,845,000	Infrastructure improvements
\$11,818,800 Series 2019 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$198,450 to \$686,700 through August 1, 2049 and interest at 3% to 5%.	11,620,350	Infrastructure improvements
\$35,704,899 Series 2020 Combination Tax & Limited Revenue Certificates of Obligation, due in annual installments of \$100,971 to \$1,887,381 through August 1, 2050 and interest at 1.5% to 5%.	35,603,928	Infrastructure improvements
\$533,477 2020B Limited Tax Refunding Bonds, due in annual installments of \$17,812 to \$52,382 through August 1, 2035 and interest at 3% to 5%.	509,416	Partial refunding of prior issues 2010
\$27,157,573 2020C Limited Tax Refunding Bonds, Taxable, due in annual installments of \$32,794 to \$3,038,868 through August 1, 2034 and interest at 1.55% to 5%.	26,938,946	Partial refunding of prior issues 2012, 2013, 2014
Total utility debt	<u>\$ 127,713,890</u>	

The annual requirements to retire all Utility Fund bonds, including interest, as of September 30, 2021, follows:

Fiscal Year	Principal	Interest	Total Requirements
2022	5,060,319	5,016,348	10,076,667
2023	5,313,465	4,767,196	10,080,661
2024	4,648,475	4,576,884	9,225,359
2025	4,541,185	4,235,132	8,776,317
2026	4,714,049	4,108,943	8,822,992
2027-2031	27,168,381	16,996,764	44,165,145
2032-2036	29,071,498	11,996,743	41,068,241
2037-2041	17,402,374	7,952,047	25,354,421
2042-2046	19,681,388	4,309,466	23,990,854
2047-2050	10,112,756	917,637	11,030,393
Total	\$ 127,713,890	\$ 64,877,160	\$ 192,591,050

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

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

#### **G. Component Unit Debt**

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

Future maturity requirements for the PCDC note payable, including interest, as of September 30, 2021, follows:

Fiscal Year	Principal	Interest	Total Requirements
2022	870,000	909,896	1,779,896
2023	905,000	871,777	1,776,777
2024	945,000	832,049	1,777,049
2025	985,000	790,603	1,775,603
2026	1,030,000	747,330	1,777,330
2027-2031	13,770,000	2,196,680	15,966,680
2032	3,115,000	66,895	3,181,895
Total	\$ 21,620,000	\$ 6,415,230	\$ 28,035,230



## H. Component Unit Commitments

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

Fiscal Year	2013 issue	2014 issue	2017 issue	2020 issue	Total
2022	\$ 106,000	\$ 308,200	\$ 162,550	\$ 118,722	\$ 695,472
2023	103,000	309,200	163,300	118,552	694,052
2024	-	309,800	158,800	149,173	617,773
2025	-	310,000	159,300	189,173	658,473
2026	-	309,800	164,550	505,342	979,692
2027-2031	-	924,200	823,500	2,973,965	4,721,665
2032-2035	-	-	655,800	1,680,228	2,336,028
Total	<u>\$ 209,000</u>	<u>\$ 2,471,200</u>	<u>\$ 2,287,800</u>	<u>\$ 5,735,155</u>	<u>\$ 10,703,155</u>

## VII. DEFINED BENEFIT PENSION PLAN

### A. Plan Description

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

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

### B. Benefits Provided

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

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

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

Employees covered by benefit terms: At the December 31, 2020, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	124
Inactive employees entitled to but not yet receiving benefits	249
Active employees	<u>336</u>
	<u>709</u>

### C. Contributions

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.60% and 13.43% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$2,917,315, and were equal to the required contributions.

### D. Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020, actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuarial firm focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30%	5.30%
Core Fixed Income	10%	1.25%
Non-Core Fixed Income	20%	4.14%
Real Return	10%	3.85%
Real Estate	10%	4.00%
Absolute Return	10%	3.48%
Private Equity	10%	7.75%
	<u>100%</u>	

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

*Changes in the Net Pension Liability:*

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension (Asset)/Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2019	\$ 72,584,917	\$ 62,840,813	\$ 9,744,104
Changes for the year:			
Service cost	3,547,199	-	3,547,199
Interest	4,926,775	-	4,926,775
Difference between expected and actual experience	199,374	-	199,374
Contributions - employer	-	2,835,229	( 2,835,229)
Contributions - employee	-	1,474,489	( 1,474,489)
Net investment income	-	4,776,920	( 4,776,920)
Benefit payments, including refunds of employee contributions	( 2,738,527)	( 2,738,527)	-
Administrative expense	-	( 30,866)	30,866
Other changes	-	( 1,204)	1,204
Net changes	<u>5,934,821</u>	<u>6,316,041</u>	<u>( 381,220)</u>
Balance at 12/31/2020	<u>\$ 78,519,738</u>	<u>\$ 69,156,854</u>	<u>\$ 9,362,884</u>

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's net pension liability	\$ 23,007,905	\$ 9,362,884	\$( 1,479,016)

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

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

For the year ended September 30, 2021, the City recognized pension expense of \$2,288,764. Of this, the amounts attributed to governmental activities and business-type activities were \$1,946,552 and \$342,212, respectively.

As of September 30, 2021, 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	\$ 415,586	\$ 507,859
Changes in actual assumptions	252,399	-
Differences between projected and actual investment earnings	-	1,792,913
Contributions subsequent to the measurement date	<u>2,130,752</u>	<u>-</u>
	<u>\$ 2,798,737</u>	<u>\$ 2,300,772</u>

\$2,130,752 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30,	
2022	\$( 533,994)
2023	39,783
2024	( 1,032,315)
2025	<u>( 106,261)</u>
	<u>\$ ( 1,632,787)</u>

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

**A. Plan Description**

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 5 years of service. Spouses and dependents of retirees are also eligible when the retiree is covered. As of the date of the latest actuarial valuation, the City has 333 active employees and 39 retirees eligible to participate in the plan.

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

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

## B. Actuarial Assumptions

Actuarial cost method	Individual Entry-Age
Discount rate	2.00% as of December 31, 2020
Inflation	2.50%
Salary Increases	3.50% to 11.50%, including inflation
Demographic Assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS)
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health Care Trend Rates	Initial rate of 7.20% declining to an ultimate rate of 4.25% after 13 years
Participation Rates	It was assumed that 15% of eligible retirees would choose to receive health care benefits through the City. With the exception of employees who become disabled, no retirees were assumed to maintain their health coverage if they were younger than 50 years old at retirement. Additionally, 50% of retirees were assumed to purchase the \$10,000 life insurance coverage at retirement, regardless of their age at retirement.
Notes	The discount rate changed from 2.75% as of December 31, 2019 to 2% as of December 31, 2020. Additionally, the participation rates were updated in conjunction with the recent plan change that increased the retiree premiums.

## C. Discount Rate Sensitivity Analysis

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

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the plan's total OPEB liability, calculated using a discount rate of 2%, as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<u>1% Decrease in</u> <u>Discount Rate (1.00%)</u>		<u>Discount Rate (2.00%)</u>		<u>1% Increase in</u> <u>Discount Rate (3.00%)</u>	
Total OPEB Liability	\$	1,190,294	\$	1,004,951	\$	858,657

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

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

	<u>1 % Decrease</u>		<u>Current Healthcare Cost</u> <u>Trend Rate Assumption</u>		<u>1% Increase</u>	
Total OPEB Liability	\$	937,549	\$	1,004,951	\$	1,088,205

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

As of September 30, 2021, the City reported a liability of \$1,004,951 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$(364,787). Of this, the amounts attributed to governmental activities and business-type activities were \$(310,245) and \$(54,542), respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

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

Service cost	96,732
Interest on the total OPEB liability	46,985
Changes of benefit terms	( 489,186)
Differences between expected and actual experience of the total OPEB liability	( 408,907)
Changes of assumptions	112,508
Benefit payments	( 26,728)
Net Changes in total OPEB liability	( 668,596)
Total OPEB Liability - beginning	1,673,547
Total OPEB Liability - ending	<u>\$ 1,004,951</u>

As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 12,289	\$ 441,460
Changes in actuarial assumptions	295,582	11,887
Contributions subsequent to the measurement date	<u>22,392</u>	<u>-</u>
Totals	<u>\$ 330,263</u>	<u>\$ 453,347</u>

\$22,392 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	\$( 19,318)
2023	( 19,318)
2024	( 19,318)
2025	( 19,318)
2026	( 24,729)
Thereafter	( 43,475)

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

##### A. TMRS Supplemental Death Benefits Fund

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

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

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

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

Inactive employees or beneficiaries currently receiving benefits	106
Inactive employees entitled to but not yet receiving benefits	97
Active employees	<u>336</u>
Total	<u>539</u>

**Contributions.** The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.14% for 2021 and 0.14% for 2020, of which 0.06% represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2021, and 2020 were \$30,627 and \$28,128, respectively, representing contributions for both active and retiree coverage, which equaled the required contributions each year.

**Actuarial Assumptions.** The Total OPEB Liability in the December 31, 2020, actuarial valuation was determined using the following actuarial assumptions:

Measurement year ended December 31,	2020
Inflation rate	2.50% per annum
Discount rate	2%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.5% including inflation

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

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

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2020, valuation were based on the results of an actuarial experience study for the period December 31, 2014, to December 31, 2018.

**Discount Rate.** The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees, and the assets are not segregated for these groups. As such, a single discount rate of 2.00% was used to measure the Total OPEB Liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2020.

**Discount Rate Sensitivity Analysis.** The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (2%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (1%)	Discount Rate (2%)	1% Increase in Discount Rate (3%)
Total OPEB Liability	\$ 1,418,176	\$ 1,094,699	\$ 860,805

**OPEB Liabilities, OPEB Expense, and Deferred Outflows of Resources Related to OPEBs.** As of September 30, 2021, the City reported a liability of \$1,094,699 for its Total OPEB Liability. The Total OPEB Liability was determined by an actuarial valuation as of December 31, 2020. For the year ended September 30, 2021, the City recognized OPEB expense of \$137,552. Of this, the amounts attributed to governmental activities and business-type activities were \$116,985 and \$20,567, respectively. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

#### **Changes in the Total OPEB Liability**

	Total OPEB Liability
Balance at 12/31/2019	\$ 821,852
Changes for the year:	
Service cost	54,767
Interest	23,296
Difference between expected and actual experience	16,542
Changes of assumptions	182,455
Benefit payments	( 4,213)
Net changes	272,847
Balance at 12/31/2020	\$ 1,094,699

As of September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to other post-employment benefits from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 286,706	\$ 28,710
Difference between expected and actual experience	15,931	5,685
Contributions subsequent to the measurement date	9,620	-
Totals	\$ 312,257	\$ 34,395

\$9,620 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the Total OPEB Liability for the year ending September 30, 2022. Other amounts of the reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2022	\$ 59,488
2023	59,488
2024	55,978
2025	54,855
2026	38,433



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

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

### Aggregate OPEB Amounts - All Plans

OPEB liabilities	\$	2,099,650
Deferred outflows of resources related to OPEB		642,520
Deferred inflows of resources related to OPEB		487,742
OPEB expense		(227,235)

## **XI. RISK MANAGEMENT**

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

## **XII. COMMITMENTS AND CONTINGENCIES**

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$39,301,000 for the governmental funds.

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

Travis County Emergency Services District No. 2 for the period of October 1, 2016, through September 30, 2021. Rent expense for the year ended September 30, 2021, was \$149,347.

Vista West Properties for the period of October 1, 2018, through September 30, 2022. Rent expense for the year ended September 30, 2021, was \$42,991.

DJR Investments LLC for the period October 1, 2019, through September 30, 2024. Rent expense for the year ended September 30, 2021, was \$65,850.

Future payments due under these agreements are as follows:

<u>Fiscal Year</u>		
2022	\$	73,336
2022		65,850
2023		65,850
	\$	<u>205,036</u>

### XIII. TAX ABATEMENTS

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

The City enters into economic development agreements designed to promote development and redevelopment within the City, stimulate commercial activity, generate additional sales tax, and enhance the property tax base and economic vitality of the City. These programs rebate property, sales and hotel occupancy taxes and include incentive payments and reductions in fees that are not tied to taxes. The City's economic development agreements are authorized under Chapter 380 of the Texas Local Government Code and Chapter 311 (Tax Increment Financing Act) of the Texas Tax Code. Recipients generally commit to building or remodeling real property and related infrastructure, redeveloping properties, expanding operations, or bringing targeted business to the City. Agreements generally contain recapture provisions, which may require repayment or termination if recipients do not meet the required provisions of the economic incentives.

The City has two categories of economic development agreements:

*General Economic Development* – The City enters into various agreements under Chapter 380 of the Texas Local Government Code to stimulate economic development. Agreements rebate a percentage of property, sales or hotel occupancy taxes received by the City or make lump sum payments for infrastructure reimbursements. For fiscal year 2021, the City rebated \$1,196,728 in taxes.

*Tax Increment Reinvestment Zone* – In 2010, the City created the Pflugerville Tax Increment Reinvestment Zone (TIRZ) No. 1 under Chapter 311 of the Texas Tax Code to stimulate economic development in designated areas. In November 2018, the zone was expanded. Any ad valorem property value created within the TIRZ #1 above the base value of \$9,853,165 is dedicated to the TIRZ to pay for projects included in the adopted Project Plan and debt service on such projects. For fiscal year 2021, Pflugerville TIRZ #1 received \$1,646,904 of property tax increment.

### XIV. INVESTMENT IN DIRECT FINANCING LEASE

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

Total minimum lease payments to be received	\$ 21,245,476
Interest earnings	( 545,476)
Net investment in direct financing lease	<u>\$ 20,700,000</u>

The scheduled financing lease payments are as follows:

<u>Fiscal Year</u>	
2022	\$ 1,298,218
2023	1,246,704
2024	1,246,704
2025	1,246,704
2026	1,246,704
2027-2031	6,233,518
2032-2036	6,233,518
2037-2038	2,493,406
Less: Interest	( 545,476)
	<u>\$ 20,700,000</u>

## **XV. UPCOMING ACCOUNTING PRONOUNCEMENTS**

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

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

Statement No. 89, *Accounting for Interest Cost Incurred before the End of a Construction Period* – The objectives of this statement are to (1) enhance the relevance and comparability of information about capital assets and the cost of borrowing for a reporting period and (2) to simplify accounting for interest cost incurred before the end of a construction period. This statement will become effective in fiscal year 2022.

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

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

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

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

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

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

Statement No. 99, *Omnibus 2022* – this Statement makes various changes or clarifications to existing standards. The implementation dates vary for each component.

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

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

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

## **XVI. SUBSEQUENT EVENTS**

On October 20, 2021, the City of Pflugerville issued \$11,630,000 of utility system revenue bonds to fund various capital projects. The interest rate on the bonds is .6-2.07% and is a 30-year term.

On May 24, 2022, City Council authorized the notice of intent to issue Tax and Limited Revenue Certificates of Obligation, not to exceed \$84,480,000.



## **REQUIRED SUPPLEMENTARY INFORMATION**



**CITY OF PFLUGERVILLE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

	Year Ended December 31, 2020	Year Ended December 31, 2019	Year Ended December 31, 2018	Year Ended December 31, 2017	Year Ended December 31, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
<b>Total Pension Liability:</b>							
Service cost	\$ 3,547,199	\$ 3,433,765	\$ 3,417,103	\$ 3,232,222	\$ 3,034,235	\$ 2,748,863	\$ 2,353,433
Interest on total pension liability	4,926,775	4,578,648	4,172,998	3,818,322	3,440,165	3,209,605	2,884,857
Difference between expected and actual experience	199,374	( 789,370)	465,960	( 69,398)	500,239	( 41,827)	112,939
Change of assumptions	-	407,721	-	-	-	78,820	-
Benefit payments/refund of contributions	( 2,738,527)	( 2,321,569)	( 1,787,972)	( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
Net change in total pension liability	<u>5,934,821</u>	<u>5,309,195</u>	<u>6,268,089</u>	<u>5,130,885</u>	<u>5,882,280</u>	<u>5,039,327</u>	<u>4,487,988</u>
Total pension liability, beginning	<u>72,584,917</u>	<u>67,275,722</u>	<u>61,007,633</u>	<u>55,876,748</u>	<u>49,994,468</u>	<u>44,955,141</u>	<u>40,467,153</u>
Total pension liability, ending (a)	<u>\$ 78,519,738</u>	<u>\$ 72,584,917</u>	<u>\$ 67,275,722</u>	<u>\$ 61,007,633</u>	<u>\$ 55,876,748</u>	<u>\$ 49,994,468</u>	<u>\$ 44,955,141</u>
<b>Fiduciary Net Position:</b>							
Contributions - employer	\$ 2,835,229	\$ 2,686,156	\$ 2,722,815	\$ 2,572,468	\$ 2,420,286	\$ 2,222,649	\$ 1,958,758
Contributions - employee	1,474,489	1,410,584	1,408,700	1,330,915	1,242,085	1,129,891	1,050,675
Net investment income	4,776,918	8,192,501	( 1,564,337)	6,108,008	2,628,888	53,810	1,858,571
Benefit payments/refunds of contributions	( 2,738,527)	( 2,321,569)	( 1,787,972)	( 1,850,261)	( 1,092,359)	( 956,134)	( 863,241)
Administrative expenses	( 30,866)	( 46,229)	( 30,204)	( 31,636)	( 29,674)	( 32,771)	( 19,398)
Other	( 1,202)	( 1,389)	( 1,579)	( 1,604)	( 1,599)	( 1,619)	( 1,595)
Net change in fiduciary net position	<u>6,316,041</u>	<u>9,920,054</u>	<u>747,423</u>	<u>8,127,890</u>	<u>5,167,627</u>	<u>2,415,826</u>	<u>3,983,770</u>
Fiduciary net position, beginning	<u>62,840,813</u>	<u>52,920,759</u>	<u>52,173,336</u>	<u>44,045,446</u>	<u>38,877,819</u>	<u>36,461,993</u>	<u>32,478,223</u>
Fiduciary net position, ending (b)	<u>\$ 69,156,854</u>	<u>\$ 62,840,813</u>	<u>\$ 52,920,759</u>	<u>\$ 52,173,336</u>	<u>\$ 44,045,446</u>	<u>\$ 38,877,819</u>	<u>\$ 36,461,993</u>
Net pension liability / (asset), ending = (a)-(b)	<u>\$ 9,362,884</u>	<u>\$ 9,744,104</u>	<u>\$ 14,354,963</u>	<u>\$ 8,834,297</u>	<u>\$ 11,831,302</u>	<u>\$ 11,116,649</u>	<u>\$ 8,493,148</u>
Fiduciary net position as a percentage of total pension liability	88.1%	86.6%	78.7%	85.5%	78.8%	77.8%	81.1%
Pensionable covered payroll	\$ 21,064,126	\$ 20,151,206	\$ 20,124,280	\$ 19,013,072	\$ 17,744,066	\$ 16,141,296	\$ 15,009,641
Net pension liability as a percentage of covered payroll	44.4%	48.4%	71.3%	46.5%	66.7%	68.9%	56.6%

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



**CITY OF PFLUGERVILLE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

<u>Year Ending September 30,</u>	<u>Actuarially Determined Contribution</u>	<u>Actual Employer Contribution</u>	<u>Contribution Deficiency (Excess)</u>	<u>Pensionable Covered Payroll</u>	<u>Actual Contribution as a Percentage of Covered Payroll</u>
2015	\$ 2,148,925	\$ 2,148,925	\$ -	\$ 15,831,530	13.57%
2016	2,450,172	2,450,172	-	17,919,058	13.67%
2017	2,527,062	2,527,062	-	18,641,283	13.56%
2018	2,694,972	2,694,972	-	19,918,489	13.53%
2019	2,717,168	2,717,168	-	20,308,411	13.38%
2020	2,698,001	2,698,001	-	20,091,633	13.43%
2021	2,917,315	2,917,315	-	21,876,456	13.34%

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

**CITY OF PFLUGERVILLE, TEXAS**

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

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

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

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

**CITY OF PFLUGERVILLE, TEXAS**

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY  
AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFITS FUND  
FOR THE YEAR ENDED SEPTEMBER 30, 2021**

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

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

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

## **STATISTICAL SECTION**



## STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends	60
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	67
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.</i>	
Debt Capacity	74
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	79
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	83
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

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



## CITY OF PFLUGERVILLE, TEXAS

TABLE 1

## NET POSITION BY COMPONENTS

## LAST TEN FISCAL YEARS

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Governmental activities:										
Net investment in capital assets	\$ 132,428	\$ 121,820	\$ 119,082	\$ 121,114	\$ 110,465	\$ 108,984	\$ 112,265	\$ 115,322	\$ 118,439	\$ 109,360
Restricted	2,414	2,460	2,691	2,804	3,395	3,851	3,798	4,291	5,601	7,075
Unrestricted	<u>12,255</u>	<u>12,013</u>	<u>13,905</u>	<u>9,276</u>	<u>11,441</u>	<u>20,658</u>	<u>8,476</u>	<u>10,077</u>	<u>16,319</u>	<u>19,303</u>
Total governmental activities net position	<u>\$ 147,097</u>	<u>\$ 136,293</u>	<u>\$ 135,678</u>	<u>\$ 133,194</u>	<u>\$ 125,301</u>	<u>\$ 133,493</u>	<u>\$ 124,539</u>	<u>\$ 129,690</u>	<u>\$ 140,359</u>	<u>\$ 135,738</u>
Business-type activities:										
Net investment in capital assets	\$ 69,870	\$ 73,042	\$ 82,043	\$ 81,232	\$ 87,523	\$ 93,657	\$ 102,634	\$ 107,131	\$ 120,254	\$ 138,736
Restricted	6,569	6,091	8,842	11,281	11,976	11,418	12,608	15,195	19,892	23,526
Unrestricted	<u>12,675</u>	<u>14,048</u>	<u>13,596</u>	<u>14,689</u>	<u>15,857</u>	<u>17,056</u>	<u>18,468</u>	<u>21,832</u>	<u>13,171</u>	<u>9,625</u>
Total business-type activities net position	<u>\$ 89,114</u>	<u>\$ 93,181</u>	<u>\$ 104,481</u>	<u>\$ 107,202</u>	<u>\$ 115,356</u>	<u>\$ 122,131</u>	<u>\$ 133,710</u>	<u>\$ 144,158</u>	<u>\$ 153,317</u>	<u>\$ 171,887</u>
Primary government:										
Net investment in capital assets	\$ 202,298	\$ 194,862	\$ 201,125	\$ 202,346	\$ 197,988	\$ 202,641	\$ 214,899	\$ 222,453	\$ 238,694	\$ 248,096
Restricted	8,983	8,551	11,533	14,085	15,371	15,268	16,406	19,486	25,493	30,601
Unrestricted	<u>24,930</u>	<u>26,061</u>	<u>27,501</u>	<u>23,965</u>	<u>27,298</u>	<u>37,715</u>	<u>26,944</u>	<u>31,909</u>	<u>29,490</u>	<u>28,928</u>
Total primary government net position	<u>\$ 236,211</u>	<u>\$ 229,474</u>	<u>\$ 240,159</u>	<u>\$ 240,396</u>	<u>\$ 240,657</u>	<u>\$ 255,624</u>	<u>\$ 258,249</u>	<u>\$ 273,848</u>	<u>\$ 293,677</u>	<u>\$ 307,625</u>



## CITY OF PFLUGERVILLE, TEXAS

TABLE 2

## CHANGES IN NET POSITION

## LAST TEN FISCAL YEARS

(accrual basis of accounting; amounts expressed in thousands)

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Expenses</b>										
Governmental activities:										
General government	\$ 7,015	\$ 5,315	\$ 6,094	\$ 6,783	\$ 7,428	\$ 10,444	\$ 11,346	\$ 10,334	\$ 10,380	\$ 15,075
Public safety	11,061	11,639	12,237	13,018	15,012	17,271	17,797	18,250	16,333	16,867
Public works and streets	13,534	13,557	19,772	15,976	22,546	18,471	22,058	20,644	24,141	25,359
Culture/Recreation	3,874	4,375	4,783	4,475	4,933	5,312	5,742	6,602	6,340	6,867
Interest on long-term debt	3,343	3,634	3,660	3,846	4,702	5,379	6,048	6,038	6,154	6,955
Total governmental activities expenses	<u>38,827</u>	<u>38,520</u>	<u>46,546</u>	<u>44,098</u>	<u>54,621</u>	<u>56,877</u>	<u>62,991</u>	<u>61,868</u>	<u>63,348</u>	<u>71,123</u>
Business-type expenses:										
Water and wastewater	17,010	18,540	18,751	19,249	21,440	21,981	23,765	27,360	29,868	30,104
Solid waste	3,623	3,767	3,916	4,125	4,360	4,636	4,861	5,094	5,798	6,432
Total business-type expenses	<u>20,633</u>	<u>22,307</u>	<u>22,667</u>	<u>23,374</u>	<u>25,800</u>	<u>26,617</u>	<u>28,626</u>	<u>32,454</u>	<u>35,666</u>	<u>36,536</u>
Total primary government expenses	<u>\$ 59,460</u>	<u>\$ 60,827</u>	<u>\$ 69,213</u>	<u>\$ 67,472</u>	<u>\$ 80,421</u>	<u>\$ 83,494</u>	<u>\$ 91,617</u>	<u>\$ 94,322</u>	<u>\$ 99,014</u>	<u>\$ 107,659</u>
<b>Program Revenues</b>										
Governmental activities:										
Charges for services:										
General government	\$ 928	\$ 1,247	\$ 1,586	\$ 1,435	\$ 1,582	\$ 1,960	\$ 2,190	\$ 2,106	\$ 4,026	\$ 4,296
Public safety	2,943	2,874	3,049	3,287	3,693	3,638	3,248	2,721	545	779
Culture and recreation	785	757	717	698	741	749	748	722	184	297
Operating grants and contributions	244	202	479	210	376	493	492	644	4,257	3,681
Capital grants and contributions	3,475	2,882	11,921	12,499	5,949	9,466	14,804	14,631	14,357	893
Total governmental activities program revenues	<u>8,375</u>	<u>7,962</u>	<u>17,752</u>	<u>18,129</u>	<u>12,341</u>	<u>16,306</u>	<u>21,482</u>	<u>20,824</u>	<u>23,369</u>	<u>9,946</u>
Business-type activities:										
Charges for services:										
Water and wastewater	17,951	18,258	17,967	19,457	21,042	21,811	24,953	26,394	29,214	35,404
Solid waste	3,622	3,777	3,935	4,112	4,387	4,631	4,884	5,139	6,047	6,691
Capital grants and contributions	3,007	5,834	12,704	8,819	9,113	7,405	10,328	10,550	9,785	13,631
Total business-type activities program revenues	<u>24,580</u>	<u>27,869</u>	<u>34,606</u>	<u>32,388</u>	<u>34,542</u>	<u>33,847</u>	<u>40,165</u>	<u>42,083</u>	<u>45,046</u>	<u>55,726</u>
Total primary government program revenues	<u>\$ 32,955</u>	<u>\$ 35,831</u>	<u>\$ 52,358</u>	<u>\$ 50,517</u>	<u>\$ 46,883</u>	<u>\$ 50,153</u>	<u>\$ 61,647</u>	<u>\$ 62,907</u>	<u>\$ 68,415</u>	<u>\$ 65,672</u>

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 2**

**CHANGES IN NET POSITION (continued)**

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<b>Net (expense)/revenue</b>										
Governmental activities	\$( 30,452)	\$( 30,558)	\$( 28,794)	\$( 25,969)	\$( 42,280)	\$( 40,571)	\$( 41,509)	\$( 41,044)	\$( 39,979)	\$( 61,177)
Business-type activities	<u>3,947</u>	<u>5,562</u>	<u>11,939</u>	<u>9,014</u>	<u>8,742</u>	<u>7,230</u>	<u>11,539</u>	<u>9,629</u>	<u>9,380</u>	<u>19,190</u>
Total primary government net expense	<u>\$( 26,505)</u>	<u>\$( 24,996)</u>	<u>\$( 16,855)</u>	<u>\$( 16,955)</u>	<u>\$( 33,538)</u>	<u>\$( 33,341)</u>	<u>\$( 29,970)</u>	<u>\$( 31,415)</u>	<u>\$( 30,599)</u>	<u>\$( 41,987)</u>
<b>General Revenues and Other Changes in Net Position</b>										
Governmental activities:										
Taxes:										
Property	\$ 17,005	\$ 17,040	\$ 17,356	\$ 18,411	\$ 21,024	\$ 23,695	\$ 26,731	\$ 27,979	\$ 30,820	\$ 32,644
Sales	4,419	4,833	5,658	6,736	7,550	8,319	8,988	10,702	12,641	16,096
Franchise	2,931	2,913	3,323	3,493	3,561	3,728	3,929	4,072	4,231	4,778
Alcoholic beverage	24	35	68	76	87	81	99	114	113	111
Hotel	-	-	-	1	20	150	340	374	235	394
Investment earnings	38	32	38	79	270	562	1,130	1,455	648	75
Other income	488	356	855	1,057	1,019	271	953	721	919	1,705
Gain on sale of capital assets	19	39	14	-	-	47	-	-	-	-
Transfers	<u>750</u>	<u>( 772)</u>	<u>750</u>	<u>315</u>	<u>857</u>	<u>844</u>	<u>797</u>	<u>778</u>	<u>1,040</u>	<u>750</u>
Total governmental activities	<u>25,674</u>	<u>24,476</u>	<u>28,062</u>	<u>30,168</u>	<u>34,388</u>	<u>37,697</u>	<u>42,967</u>	<u>46,195</u>	<u>50,647</u>	<u>56,553</u>
Business-type activities:										
Investment earnings	25	24	11	55	159	334	878	1,518	727	70
Other income	50	144	101	135	109	51	52	78	92	61
Gain on sale of capital assets	9	-	-	61	-	3	7	-	-	-
Transfers	<u>( 750)</u>	<u>772</u>	<u>( 750)</u>	<u>( 315)</u>	<u>( 857)</u>	<u>( 844)</u>	<u>( 797)</u>	<u>( 778)</u>	<u>( 1,040)</u>	<u>( 750)</u>
Total business-type activities	<u>( 666)</u>	<u>940</u>	<u>( 638)</u>	<u>( 64)</u>	<u>( 589)</u>	<u>( 456)</u>	<u>140</u>	<u>818</u>	<u>( 221)</u>	<u>( 619)</u>
Total primary government	<u>\$ 25,008</u>	<u>\$ 25,416</u>	<u>\$ 27,424</u>	<u>\$ 30,104</u>	<u>\$ 33,799</u>	<u>\$ 37,241</u>	<u>\$ 43,107</u>	<u>\$ 47,013</u>	<u>\$ 50,426</u>	<u>\$ 55,934</u>
<b>Change in Net Position:</b>										
Governmental activities	\$( 4,778)	\$( 6,081)	\$( 733)	\$ 4,198	\$( 7,892)	\$( 2,873)	\$ 1,458	\$ 5,151	\$ 10,670	\$( 4,623)
Business-type activities	<u>3,282</u>	<u>6,502</u>	<u>11,301</u>	<u>8,950</u>	<u>8,153</u>	<u>6,775</u>	<u>11,679</u>	<u>10,448</u>	<u>9,160</u>	<u>18,570</u>
Total primary government	<u>\$( 1,496)</u>	<u>\$ 421</u>	<u>\$ 10,568</u>	<u>\$ 13,148</u>	<u>\$ 261</u>	<u>\$ 3,902</u>	<u>\$ 13,137</u>	<u>\$ 15,599</u>	<u>\$ 19,830</u>	<u>\$ 13,947</u>

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 3**

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

**LAST TEN FISCAL YEARS**

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Fund:										
Committed	\$ 1,592	\$ 2,432	\$ 2,624	\$ 2,906	\$ 3,947	\$ 2,288	\$ 18	\$ 104	\$ -	\$ -
Assigned	-	-	-	-	-	-	2,294	1,500	1,946	6,165
Unassigned	<u>8,961</u>	<u>9,513</u>	<u>11,154</u>	<u>12,222</u>	<u>13,793</u>	<u>15,939</u>	<u>14,522</u>	<u>18,056</u>	<u>21,193</u>	<u>23,160</u>
Total general fund	<u>\$ 10,553</u>	<u>\$ 11,945</u>	<u>\$ 13,778</u>	<u>\$ 15,128</u>	<u>\$ 17,740</u>	<u>\$ 18,227</u>	<u>\$ 16,834</u>	<u>\$ 19,660</u>	<u>\$ 23,139</u>	<u>\$ 29,325</u>
All other governmental funds:										
Restricted	\$ 12,788	\$ 11,516	\$ 6,705	\$ 24,152	\$ 49,571	\$ 28,613	\$ 28,393	\$ 29,381	\$ 25,814	\$ 85,007
Committed	116	164	214	78	105	64	83	78	74	-
Assigned	10	5	6	5	5	5	5	5	-	5
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>( 57)</u>	<u>-</u>
Total all other governmental funds	<u>\$ 12,914</u>	<u>\$ 11,685</u>	<u>\$ 6,925</u>	<u>\$ 24,235</u>	<u>\$ 49,681</u>	<u>\$ 28,682</u>	<u>\$ 28,481</u>	<u>\$ 29,464</u>	<u>\$ 25,831</u>	<u>\$ 85,012</u>
Total fund balances	<u>\$ 23,467</u>	<u>\$ 23,630</u>	<u>\$ 20,703</u>	<u>\$ 39,363</u>	<u>\$ 67,421</u>	<u>\$ 46,909</u>	<u>\$ 45,315</u>	<u>\$ 49,124</u>	<u>\$ 48,970</u>	<u>\$ 114,337</u>

## CITY OF PFLUGERVILLE, TEXAS

## TABLE 4

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
2012	\$ 17,005,330	\$ 4,418,653	\$ 2,930,906	\$ 24,070	\$ -	\$ 24,378,959
2013	17,040,128	4,833,364	2,913,034	35,467	-	24,821,993
2014	17,356,210	5,658,163	3,322,550	67,504	-	26,404,427
2015	18,410,622	6,735,674	3,492,706	76,020	1,093	28,716,115
2016	21,024,450	7,549,829	3,561,040	86,543	20,193	32,242,055
2017	23,695,020	8,318,945	3,727,855	80,634	149,897	35,972,351
2018	26,614,391	8,988,394	3,928,610	99,163	339,766	39,970,324
2019	27,978,714	10,701,796	4,072,212	113,671	374,308	43,240,701
2020	30,820,419	12,640,956	4,231,465	112,943	235,303	48,041,086
2021	32,643,859	16,095,717	4,778,171	111,485	393,876	54,023,108

## CITY OF PFLUGERVILLE, TEXAS

TABLE 5

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

## LAST TEN FISCAL YEARS

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
Revenues:										
Taxes	\$ 24,393	\$ 24,794	\$ 26,364	\$ 28,765	\$ 32,163	\$ 36,038	\$ 39,970	\$ 43,285	\$ 47,939	\$ 54,028
Licenses and permits	1,009	1,332	1,663	1,541	1,654	2,037	2,266	2,182	4,108	4,366
Intergovernmental	1,983	2,261	4,192	3,916	3,675	7,747	7,002	6,672	4,195	6,950
Fines	1,316	1,131	1,116	1,129	1,191	1,020	671	690	460	572
Interest income	38	32	38	79	270	562	1,130	1,455	648	75
Miscellaneous	1,052	835	880	912	931	1,132	1,569	957	307	540
Total revenues	<u>\$ 29,791</u>	<u>\$ 30,385</u>	<u>\$ 34,253</u>	<u>\$ 36,342</u>	<u>\$ 39,884</u>	<u>\$ 48,536</u>	<u>\$ 52,608</u>	<u>\$ 55,241</u>	<u>\$ 57,657</u>	<u>\$ 66,531</u>
Expenditures:										
General government	\$ 4,789	\$ 4,889	\$ 5,880	\$ 6,444	\$ 6,830	\$ 9,030	\$ 8,523	\$ 9,809	\$ 10,022	\$ 14,623
Public safety	10,324	10,977	11,564	12,348	14,017	15,400	16,596	16,158	15,084	16,244
Public works and streets	2,722	2,725	2,889	3,746	3,768	5,314	6,541	5,214	7,733	9,242
Culture and recreation	3,239	3,634	3,771	3,770	3,874	4,186	4,407	4,609	4,351	4,793
Capital outlay	8,926	7,954	12,545	5,922	25,619	26,944	28,842	17,991	9,945	11,518
Debt service:										
Principal	2,344	2,475	2,812	2,910	3,003	3,533	5,283	5,114	5,251	5,221
Interest	3,266	3,411	3,514	3,436	3,794	5,642	5,786	6,017	6,582	6,474
Other charges	78	217	145	317	805	6	382	213	6	883
Total expenditures	<u>\$ 35,688</u>	<u>\$ 36,282</u>	<u>\$ 43,120</u>	<u>\$ 38,893</u>	<u>\$ 61,710</u>	<u>\$ 70,055</u>	<u>\$ 76,360</u>	<u>\$ 65,125</u>	<u>\$ 58,974</u>	<u>\$ 68,998</u>
Excess (deficiency) of revenues over (under) expenditures	<u>\$ ( 5,897)</u>	<u>\$ ( 5,897)</u>	<u>\$ ( 8,867)</u>	<u>\$ ( 2,551)</u>	<u>\$ ( 21,826)</u>	<u>\$ ( 21,519)</u>	<u>\$ ( 23,752)</u>	<u>\$ ( 9,885)</u>	<u>\$ ( 1,317)</u>	<u>\$ ( 2,467)</u>

(Continued)

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 5**

**CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (continued)**

**LAST TEN FISCAL YEARS**

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

Other financing sources (uses):										
Transfers out	\$( 49)	\$( 1,585)	\$( 59)	\$( 638)	\$( 281)	\$( 2,069)	\$( 2,847)	\$( 840)	\$( 709)	\$( 680)
Transfers in	799	813	809	953	1,138	2,913	3,645	1,618	1,750	1,430
Sale of capital assets	19	39	14	26	50	47	56	55	68	487
Premium on bonds issued	2,128	64	154	1,448	6,880	-	3,170	830	-	9,473
Issuance of bonds	14,982	6,600	4,980	22,441	68,980	-	28,200	11,991	-	78,500
Payment to bond refunding escrow agent	( 17,160)	-	-	( 3,045)	( 26,928)	-	( 10,083)	-	-	( 21,723)
Insurance recoveries	<u>28</u>	<u>11</u>	<u>41</u>	<u>27</u>	<u>46</u>	<u>117</u>	<u>18</u>	<u>40</u>	<u>52</u>	<u>347</u>
Total other financing sources (uses)	<u>747</u>	<u>5,942</u>	<u>5,939</u>	<u>21,212</u>	<u>49,885</u>	<u>1,008</u>	<u>22,159</u>	<u>13,694</u>	<u>1,161</u>	<u>67,834</u>
Net change in fund balances	<u>\$( 5,150)</u>	<u>\$ 45</u>	<u>\$( 2,928)</u>	<u>\$ 18,661</u>	<u>\$ 28,059</u>	<u>\$( 20,511)</u>	<u>\$( 1,593)</u>	<u>\$ 3,809</u>	<u>\$( 156)</u>	<u>\$ 65,367</u>
Capital outlay (including amounts reported under departmental expenditures)	\$ 6,234	\$ 7,558	\$ 6,689	\$ 5,580	\$ 18,969	\$ 26,033	\$ 24,187	\$ 17,518	\$ 9,569	\$ 11,000
Debt service as a percentage of noncapital expenditures	19.0%	20.5%	17.4%	19.0%	15.9%	20.8%	21.2%	23.4%	24.0%	20.2%

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 6**

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

**LAST TEN FISCAL YEARS**

<u>Real Property</u>					<u>Total Taxable Assessed Value</u>	<u>Percent of Growth in Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Assessed Value as a Percentage of Actual Value</u>
<u>Fiscal Year</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>					
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%
2013	2,276,991,273	572,854,494	241,161,415	264,075,219	2,826,931,963	0.83%	0.5940	2,826,931,963	100%
2014	2,438,725,287	532,237,861	577,588,825	535,819,349	3,012,732,624	6.57%	0.5736	3,012,732,624	100%
2015	2,757,615,637	990,762,887	399,206,912	704,956,961	3,442,628,475	14.27%	0.5336	3,442,628,475	100%
2016	3,147,282,746	1,206,387,574	326,625,017	808,467,090	3,871,828,247	12.47%	0.5405	3,871,828,247	100%
2017	3,628,025,355	1,340,384,319	333,559,477	899,533,163	4,402,435,988	13.70%	0.5399	4,402,435,988	100%
2018	4,035,650,480	1,548,588,085	314,772,082	959,591,335	4,939,419,312	12.20%	0.5399	4,939,419,312	100%
2019	4,499,757,076	1,838,614,421	396,468,422	1,108,865,347	5,625,974,572	13.90%	0.4976	5,625,974,572	100%
2020	4,795,208,000	2,134,940,661	422,443,512	1,154,626,003	6,197,966,170	10.17%	0.4976	6,197,966,170	100%
2021	5,077,244,544	2,376,169,735	429,679,404	1,246,714,712	6,636,378,971	7.07%	0.4863	6,636,378,971	100%

Source: Travis Central Appraisal District; Williamson County Appraisal District

**CITY OF PFLUGERVILLE, TEXAS**

**TABLE 7**

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

**LAST TEN FISCAL YEARS**

Fiscal Year	City of Pflugerville			Travis County			Pflugerville Independent School District			Travis County Emergency Services District #2			Travis County Healthcare District			Total Direct & Overlapping Rates
	General Fund O & M*	Debt Service	Total City	O & M*	Debt Service	Total County	O & M*	Debt Service	Total PISD	O & M*	Debt Service	Total ESD#2	O & M*	Debt Service	Total TCHD	
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.5000	1.5400	0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.8034
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400	0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400	0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372
2015	0.3700	0.1636	0.5336	0.3850	0.0713	0.4563	1.0400	0.5000	1.5400	0.0930	0.0052	0.0982	0.1253	0.0011	0.1264	2.7545
2016	0.3665	0.1740	0.5405	0.3486	0.0683	0.4169	1.0400	0.5000	1.5400	0.0913	0.0045	0.0958	0.1168	0.0010	0.1178	2.7110
2017	0.3526	0.1873	0.5399	0.3222	0.0616	0.3838	1.0400	0.5000	1.5400	0.0997	0.0003	0.1000	0.1096	0.0009	0.1105	2.6742
2018	0.3345	0.2054	0.5399	0.3143	0.0547	0.3690	1.0600	0.4600	1.5200	0.1000	0.0000	0.1000	0.1066	0.0008	0.1074	2.6363
2019	0.3169	0.1807	0.4976	0.3079	0.0463	0.3542	0.9900	0.4600	1.4500	0.1000	0.0000	0.1000	0.1045	0.0007	0.1052	2.5070
2020	0.3104	0.1872	0.4976	0.3123	0.0570	0.3693	0.9623	0.4600	1.4223	0.1000	0.0000	0.1000	0.1049	0.0007	0.1056	2.4948
2021	0.3101	0.1762	0.4863	0.3165	0.0578	0.0374	0.9280	0.4600	1.3880	0.9000	0.0000	0.9000	0.1097	0.0006	0.1103	2.9220

\* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District