



*where quality meets life*

**PFLUGERVILLE**  
**T E X A S**



**Comprehensive Annual Financial Report**  
**For the Year Ended September 30, 2010**

*On the cover . . .*

The Fallen Warrior Memorial, a tribute to fallen soldiers from the Pflugerville community, is prominently located in Pflugger Park. Life-sized bronze sculptures of three generations of warriors stand in front of a granite pentagon upon which are engraved the names of our Fallen Warriors. The community provided donations to fund the Memorial, which was dedicated in 2005.

For more information:

<http://www.fallenwarriormemorial.org/index>

# **CITY OF PFLUGERVILLE, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**For the fiscal year ended**

**September 30, 2010**

Prepared by

Finance Department



**City of Pflugerville, Texas  
Comprehensive Annual Financial Report  
Year Ended September 30, 2010**

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**City of Pflugerville, Texas  
Comprehensive Annual Financial Report  
Year Ended September 30, 2010**

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# **INTRODUCTORY SECTION**





March 10, 2011

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

The Comprehensive Annual Financial Report (CAFR) of the City of Pflugerville, Texas, for the fiscal year ended September 30, 2010, including the independent auditors' report, is hereby submitted. State law requires that every municipality shall have its records and accounts audited annually and shall have an annual financial statement prepared based on the audit. The City of Pflugerville Charter also requires that at the close of each fiscal year, the Council shall call for an independent audit of all City accounts to be conducted by a certified public accountant. This report is published to fulfill those requirements for the fiscal year ended September 30, 2010.

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.

Davis Kinard & Co., Certified Public Accountants, have issued an unqualified ("clean") opinion on the City of Pflugerville's financial statements for the year ended September 30, 2010. 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 auditors' report is located at the front of the financial section of this report.

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

***Profile of the government***

The City of Pflugerville, Texas, incorporated in 1965, is located 15.6 miles northeast of downtown Austin, the State Capital of Texas. This location places the City of Pflugerville within three hours driving time of ninety percent of the population of the State of Texas.

The population of Pflugerville has increased from 9,000 citizens in 1995 to an estimated 50,850 citizens in 2010. Population growth is expected to continue but at a slower pace. 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.

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

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 five 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, including 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 legally separate entity can be found in the notes to the financial statements (See Note 1).

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

### ***Local economy***

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Pflugerville operates. The City of Pflugerville was originally a farming community and has developed into a bedroom community. Its 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 had to rely heavily on residential property tax for general fund operating and debt service expenditures.

Through residential growth and annexation, the population has increased enough to support more businesses within the City limits. The Pflugerville Community Development Corporation is actively recruiting those businesses. The completion of two major toll roadways, State Highway 130 and State Highway 45, has brought significant commercial growth to the City. A large master planned commercial development at the intersection of these two new roadways began in 2008 and continued in fiscal year 2010, with the opening of numerous retail stores. This commercial expansion occurred even as the national economy faltered.

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

At the end of FY 2010, the unreserved, undesignated fund balance in the general fund was 38.5% of total general fund expenditures for the year. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., at least 25% of total general fund expenditures). Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to the 25% level. City growth through annexations and new developments and the resulting demands will require the use of fund balance to cover new expenses until new revenues are received.

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

### ***Long-term financial planning (continued)***

its extra-territorial jurisdiction (ETJ). Numerous community meetings and forums were held in order for citizens to provide input into the plan that is anticipated to guide the City's development through the next 20 years.

### ***Major initiatives***

**Utility Expansions.** The City of Pflugerville purchased land for an additional wastewater treatment plant in fiscal year 2007-2008. The design of this plant and the necessary interceptor lines, are underway and construction will begin when the plant is needed based on population and residential and commercial growth. During fiscal year 2010 it was determined that this project would not begin before fiscal year 2015. The water system was enhanced in FY 2010 with the addition of a three million gallon clear well and a backwash clarifier at the water treatment plant. These improvements will increase the capacity of treated water storage and enable reuse of the water necessary for cleaning the plant components. These projects were funded from reserves in the utility fund. During FY 2011 a water transmission line will be built to service a planned commercial and residential development within the City limits. Funding for this project is also utility reserves. The 2010 review of utility rates predicts current rates will be sufficient to meet utility fund needs for the next three years. The rates will continue to be reviewed annually to allow for changes in debt levels and customer base.

**General Fund Projects.** The City's major focus for capital improvement projects is the building of new roads or the upgrading of old roads. During fiscal year 2010 the re-route of Schultz Lane and the construction of Pflugerville Parkway (a four-lane divided roadway from Greenlawn Boulevard to Railroad Avenue) were substantially completed. The expansion of the City of Pflugerville Community Library was begun with the selection of an architecture firm for design. Construction will begin during fiscal year 2011. These projects are being financed through current Combination Tax and Revenue Certificates of Obligation and General Obligation bonds.

Economic development continues to be a major focus of the efforts that are being made by City staff. Economic development efforts include partnering with developers to build commercial and retail projects, and establishing formal marketing/public relations processes. Retail outlets in the Stone Hill Town Center development (at the intersection of State Highway 130 and State Highway 45) continue to increase. During FY 2010 Cinemark and 24 Hour Fitness began construction on new facilities. In September 2010 St. David's HealthCare announced plans to open a freestanding emergency department in Stone Hill Town Center. The facility is scheduled to open in 2012 and will feature 12 treatment beds and advanced testing capabilities. This will be the first full-service emergency care center in the City of Pflugerville.

### ***Awards and Acknowledgements***

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2009. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

**Awards and Acknowledgements (continued)**

In addition, the government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2009. In order to qualify for the Distinguished Budget Presentation Award, the government's budget document had to be judged proficient as a policy document, a financial plan, an operations guide, and a communications device.

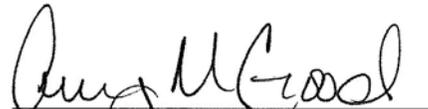
The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the department who assisted and contributed to its presentation. Special acknowledgement goes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

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

Respectfully submitted,



Beth C. Davis  
Finance Director



Amy M. Good, CPA, CGFO  
Assistant Finance Director

# Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Pflugerville  
Texas

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended  
September 30, 2009

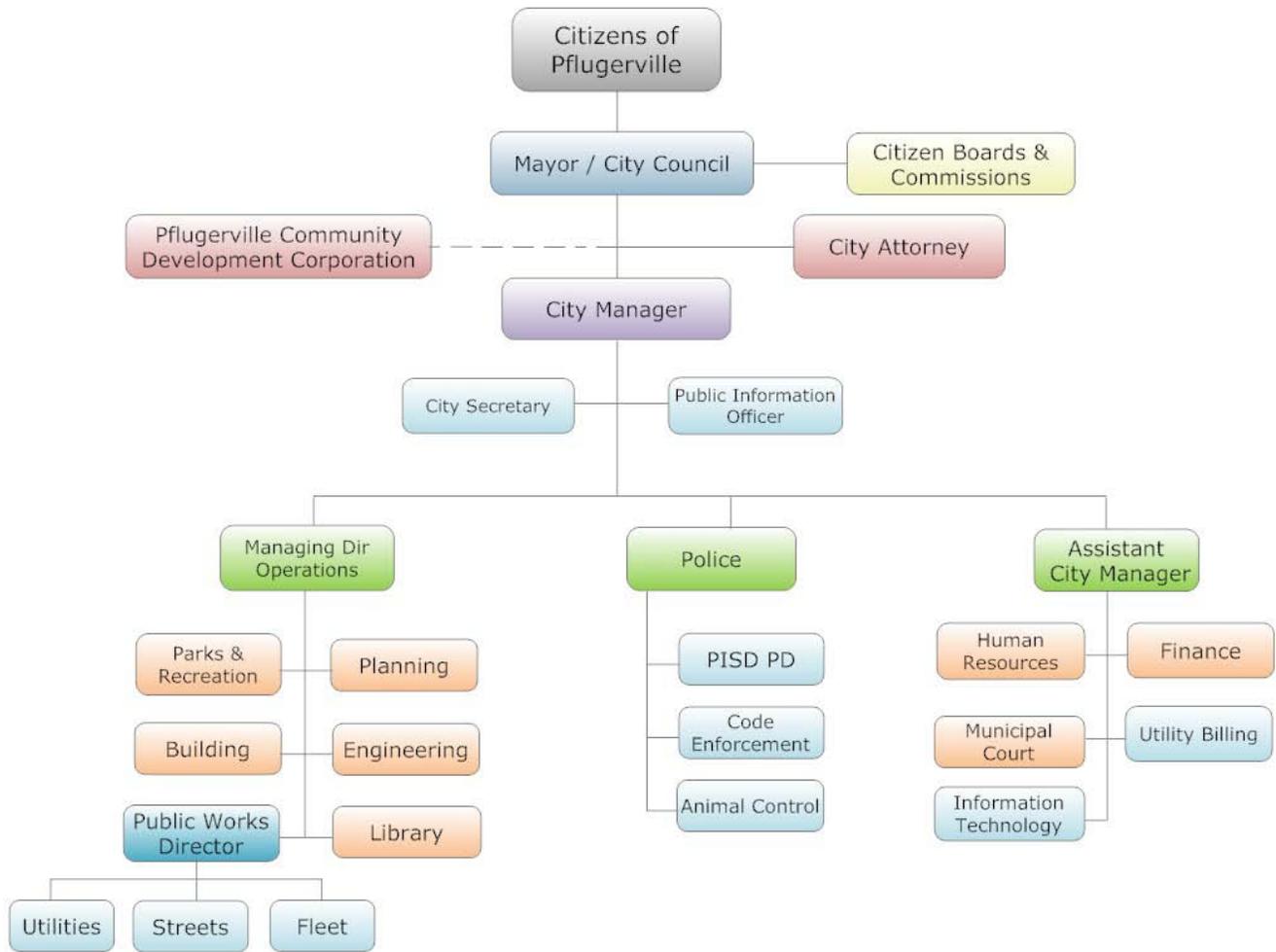
A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



President

Executive Director

# City of Pflugerville, Texas Organizational Chart



City of Pflugerville, Texas  
 List of Elected and Appointed Officials  
 September 30, 2010

**Elected Officials**

**City Council  
 Three-Year Terms**

<b><u>Name</u></b>	<b><u>Term Expires</u></b>
Jeff Coleman, Mayor	May 2013
Wayne Cooper, Place 1	May 2013
Mike Marsh, Place 2	May 2011
Darelle White, Place 3	May 2012
Starlet Sattler, Place 4	May 2011
Victor Gonzales, Place 5	May 2012

**City Staff**

<b><u>Position</u></b>	<b><u>Name</u></b>
City Manager	Brandon Wade
Assistant City Manager	Lauri Gillam
City Attorney	Floyd Akers
Finance Director	Beth Davis
Police Chief	Chuck Hooker
City Secretary	Karen Thompson
Managing Director of Operations	Trey Fletcher
Interim Planning Director	Trey Fletcher
City Engineer	Felix Benavides
Parks and Recreation Director	Amy Atkins
Building Official	Blake Overmyer
Library Director	Kathy Freheit
Public Works Director	James Wills



# **FINANCIAL SECTION**



## INDEPENDENT AUDITOR'S REPORT

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

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, 2010, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express an opinion on these financial statements based on our audit. We did not audit the financial statements of the Pflugerville Community Development Corporation (PCDC), a discretely presented component unit. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Pflugerville Community Development Corporation, is based on the report of the other auditors.

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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. The financial statements of PCDC were not audited in accordance with *Government Auditing Standards*. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall basic financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, based on our audit and the report of other auditors, 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 of Pflugerville, Texas, as of September 30, 2010, and the respective changes in financial position and cash flows, where applicable, thereof and the respective budgetary comparison for the General Fund for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated March 3, 2011, 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 the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Management's discussion and analysis and the required supplementary information, as listed in the table of contents, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of Pflugerville, Texas' basic financial statements. The introductory section and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The introductory and statistical sections have not been subjected to the auditing procedures applied by us and the other auditors in the audit of the basic financial statements and, accordingly, we express no opinion on them.

*Davis Kinard & Co., PC*  
DAVIS KINARD & CO, PC

Abilene, Texas  
March 3, 2011

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

As management of the City of Pflugerville, Texas, we offer readers of the City of Pflugerville's financial statements this narrative overview and analysis of the financial activities of the City of Pflugerville for the fiscal year ended September 30, 2010. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 3 - 6 of this report.

### **Financial Highlights**

- ❖ The assets of the City of Pflugerville exceeded its liabilities as of September 30, 2010, by \$241,983,953 (net assets). Of this amount, \$18,697,523 (unrestricted net assets) may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ As of the close of the current fiscal year, the City of Pflugerville's governmental funds reported combined ending fund balances of \$28,932,158 an increase of \$2,888,682 in comparison with the prior year. The issuance of bonds to fund capital projects was the major factor in this increase.
- ❖ At the end of the 2009-2010 fiscal year, unreserved, undesignated fund balance for the general fund was \$7,896,787 or 41.3% of general fund operating expenditures. The City of Pflugerville Charter requires a fund balance equivalent to 25% of operating expenditures each fiscal year. For fiscal year 2010 that amount was \$ 4.78 million.
- ❖ The City of Pflugerville's total debt increased by \$13,805,000 (9.7%) during the current fiscal year. The key factor in this increase was the issuance of \$17,790,000 in combination tax and revenue certificates of obligation to fund various street and utility projects and \$5,635,000 in limited tax refunding bonds to pay off callable, higher interest rate bonds.

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

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

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

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

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

### **Government-wide Financial Statements (continued)**

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

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

The government-wide financial statements can be found on pages 27-29 of this report.

### **Fund Financial Statements**

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

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

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

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

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

The basic governmental fund financial statements can be found on pages 30-34 of this report.

**Fund Financial Statements (continued)**

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

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

The basic proprietary fund financial statements can be found on pages 35-38 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 39-59.

**Other information.** In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City of Pflugerville's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on page 63.

**Financial Analysis of the City as a Whole**

**Statement of Net Assets:**

The following table reflects the condensed Statement of Net Assets:

**City of Pflugerville - Net Assets**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Current and other assets	\$ 33,596,271	\$ 30,579,627	\$ 24,454,233	\$ 21,962,744	\$ 58,050,504	\$ 52,542,371
Capital assets	205,449,826	204,250,027	140,855,478	138,800,775	346,305,304	343,050,802
Total assets	239,046,097	234,829,654	165,309,711	160,763,519	404,355,808	395,593,173
Long-term liabilities	72,752,417	63,539,876	80,249,589	76,107,816	153,002,006	139,647,692
Other liabilities	5,356,868	5,043,593	4,012,982	3,792,820	9,369,850	8,836,413
Total liabilities	78,109,285	68,583,469	84,262,571	79,900,636	162,371,856	148,484,105
<b>Net assets:</b>						
Invested in capital assets, net of related debt	149,792,131	153,437,079	64,632,713	61,139,432	214,424,844	214,576,511
Restricted	1,507,785	1,848,576	7,353,801	9,578,077	8,861,586	11,426,653
Unrestricted	9,636,896	10,960,530	9,060,627	10,145,374	18,697,523	21,105,904
Total net assets	\$ 160,936,812	\$ 166,246,185	\$ 81,047,141	\$ 80,862,883	\$ 241,983,953	\$ 247,109,068

**Statement of Net Assets: (continued)**

- ❖ A portion of the City's net assets, \$8,861,586 (3.7%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$18,697,523, may be used to meet the City's ongoing obligations to citizens and creditors.
- ❖ The use of fund balance reserves to fund major capital improvement projects in the proprietary fund led to the decrease in unrestricted net assets.
- ❖ Net assets of business-type activities increased mainly due to infrastructure contributions by developers.
- ❖ At the end of the current fiscal year, the City of Pflugerville is able to report positive balances in all categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2010.

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

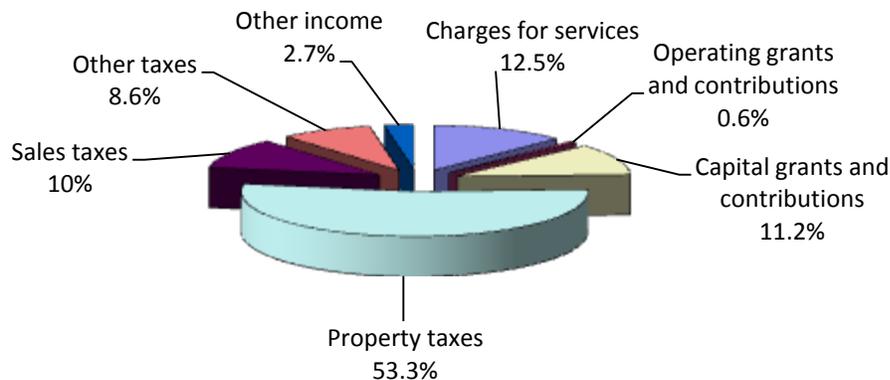
	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Revenues:						
Program revenues:						
Charges for services	\$ 3,826,036	\$ 4,283,750	\$ 18,873,971	\$ 19,142,754	\$ 22,700,007	\$ 23,426,504
Operating grants and contributions	348,868	87,486	-	-	348,868	87,486
Capital grants and contributions	3,275,046	3,918,438	1,183,812	4,403,495	4,458,858	8,321,933
General revenues:						
Property taxes	16,261,249	15,270,534	-	-	16,261,249	15,270,534
Other taxes	5,981,331	5,677,604	-	-	5,981,331	5,677,604
Other	831,702	389,324	110,626	146,717	942,328	536,041
Total revenues	30,524,232	29,627,136	20,168,409	23,692,966	50,692,641	53,320,102
Expenses:						
General government	4,925,093	4,902,523	-	-	4,925,093	4,902,523
Public safety	10,598,083	9,435,039	-	-	10,598,083	9,435,039
Public works and streets	13,447,395	11,098,919	-	-	13,447,395	11,098,919
Culture and recreation	3,609,824	3,562,855	-	-	3,609,824	3,562,855
Interest on long-term debt	3,537,244	3,005,224	-	-	3,537,244	3,005,224
Water and wastewater	-	-	16,210,845	18,015,865	16,210,845	18,015,865
Solid waste	-	-	3,273,306	2,815,938	3,273,306	2,815,938
Total Expenses	36,117,639	32,004,560	19,484,151	20,831,803	55,601,790	52,836,363
Change in net assets before transfers	(5,593,407)	(2,377,424)	684,258	2,861,163	(4,909,149)	483,739
Transfers	500,000	500,000	(500,000)	(500,000)	-	-
Change in net assets	(5,093,407)	(1,877,424)	184,258	2,361,163	(4,909,149)	483,739
Net assets - October 1, 2009 (as restated)	166,030,219	168,123,609	80,862,883	78,501,720	246,893,102	246,625,329
Net assets - September 30	\$ 160,936,812	\$ 166,246,185	\$ 81,047,141	\$ 80,862,883	\$ 241,983,953	\$ 247,109,068

## Revenues

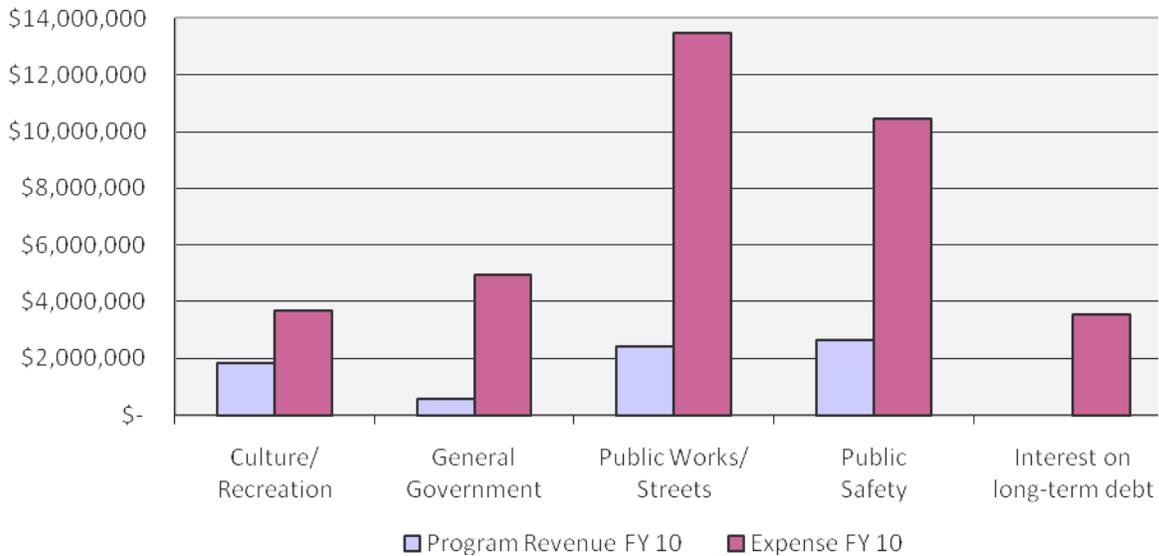
- ❖ Property tax revenue including penalties and interest increased by 6.6% (\$990,715) during this fiscal year. This increase is the result of a new commercial development and the annexation of property into the City's extraterritorial jurisdiction.
- ❖ Property tax revenue accounts for 53.3% of total revenues for governmental activities.
- ❖ Assessed valuations increased for the fiscal year by over \$134 million.
- ❖ The ad valorem tax rate for fiscal 2010 was \$0.6090 per \$100 of assessed valuation. This was a decrease of \$0.005 or a little less than 1% of the prior year rate.
- ❖ Sales tax revenue was \$3.4 million for fiscal year 2010, which was an increase of 4.7% over the prior year. Sales tax revenue constitutes 10% of the total revenue for governmental activities.
- ❖ Other taxes, which include franchise taxes and mixed beverage taxes, totaled \$2.6 million.
- ❖ Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business-type activities are described below.
  - **Governmental activities program revenue** was \$7.5 million. Charges for services such as receipts primarily from development and building inspection fees, parks and pool fees, and court fines are the largest component of this revenue category. A significant portion, \$3.3 million, of revenue this fiscal year was capital grants from federal funds for the Pflugerville Parkway West project and a developer contribution of 95 acres of parkland.
  - **Business-type activities program revenue** totaled \$20.1 million. A portion of these revenues is 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 accounted for \$1.2 million of revenue during fiscal year 2010.

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## Revenues by Source – Governmental Activities



**Expenses and Program Revenues – Governmental Activities**



The expenses in the above graph include depreciation expense through all categories. Depreciation expense totaled \$11,186,669. Removing depreciation expense, the operating expenditures for governmental activities increased 7.4% in fiscal year 2010; the population increased by 9%.

**Business-type activities.** Business-type activities increased the City of Pflugerville’s net assets by \$0.2 million. Charges for services for business-type activities decreased by 1.4% during fiscal year 2010. This decrease can be attributed to reduced water usage resulting from a wet and cool Fall and Summer. This was made more significant due to the fact that the prior fiscal year charges for services reflected a record hot and dry Summer.

**Financial Analysis of the City’s Funds**

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

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

As of the end of the current fiscal year, the City of Pflugerville’s governmental funds reported a combined ending fund balance of \$28,932,158, an increase of \$2,668,668 in comparison with the fiscal year beginning fund balance. This increase in fund balance is directly related to issuing bonds to fund capital projects (capital projects fund). Approximately 28.6% of this total amount (\$8,268,147) constitutes unreserved, undesignated fund balance, which is available for spending at the government’s discretion. The remainder of fund balance is reserved or designated to indicate that it is not available for new spending because it has already been committed: 1) to pay for capital projects (\$18,593,562); or 2) for debt service purposes (\$2,070,449).

**Financial Analysis of the City's Funds (continued)**

The general fund is the chief operating fund of the City of Pflugerville. At the end of the current fiscal year, unreserved, undesignated fund balance of the general fund was \$7,896,787. There were no reserved or designated amounts. As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. Unreserved, undesignated fund balance, which is also the total fund balance, represents 38.5% of total general fund expenditures.

The fund balance of the City of Pflugerville's general fund decreased by \$1,500,882. A prior period adjustment in the amount of \$220,014 was made to reflect the repayment of sales tax erroneously distributed to the City in fiscal year 2009. The purchase of \$5M of infrastructure in StoneHill Town Center was funded by \$2.5 million from the general fund fund balance and \$2.5M from bond proceeds. The downturn of the national economy during FY 2010 affected revenue from development, sales tax collections, and other revenue sources. Cost cutting measures were implemented in March 2010 to reduce expenses for the remainder of the fiscal year.

The special revenue fund is used to account for the proceeds of specific revenue sources that are legally restricted to expenditure for specified purposes. These include funds received from the U. S. Department of Justice, and the Justice Department of the State of Texas for the City's equitable share of proceeds from seized and forfeited property; fees for child safety; and fees for training and technology.

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, 2010, this fund had a total balance of \$2,070,449. The increase in fund balance was due to additional property tax revenue collected for the debt service related to the issuance of bonds during fiscal year 2010.

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 funds. During FY 10 debt was issued in the amount of \$10,051,350 to fund street projects and infrastructure.

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

Unrestricted net assets of the Utility Fund at the end of the year amounted to \$9,060,627. The total growth in net assets was \$0.2M. This increase was a direct result of developer contributions of infrastructure.

**General Fund Budgetary Highlights**

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

The City approved one set of general fund budget amendments during fiscal year 2010. These amendments increased the overall budgeted expenditures by \$2,896,450 from the original budget, a 13.5% increase. This increase was offset by revenues received in excess of the original budget, infrastructure fees, insurance claim receipts, grants and contributions, escrowed funds, reductions in budgeted expenses, and a transfer from fund balance. The major component in this increase was the use of fund balance for the purchase of StoneHill Town Center infrastructure. Another component of the increase was for a Come Home to Shop campaign. Contributions from the Pflugerville Community Development Corporation, the Greater Pflugerville Chamber of Commerce, the Travis County Emergency Services District #2, and the Downtown Association were combined with City funds to initiate this campaign.

**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, 2010, amounts to \$346,305,304. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, streets, water and wastewater facilities, and infrastructure.

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

- ❖ Construction of a three million gallon clear well and a backwash clarifier were substantially complete.
- ❖ The purchase of property and a discharge permit for a possible future wastewater treatment plant was completed.
- ❖ Preliminary engineering and design continued for the proposed Wilbarger Wastewater Treatment Plant.
- ❖ The expansion project of the Pflugerville Community Library continued with construction to begin in fiscal year 2011.
- ❖ Improvements to Becker Farms Road were initiated.
- ❖ Improvements to Lake Pflugerville Park, including a swimming beach, a pavilion, and numerous other amenities, were completed in January 2010.
- ❖ The widening of West Pflugerville Parkway from Greenlawn Boulevard to SH 685 was substantially complete.
- ❖ As a segment of the Parkway project, Schultz Lane was re-routed and improved.
- ❖ The Wilbarger Creek Regional Detention project was removed from the capital improvements project list.

**City of Pflugerville - Capital Assets  
 (net of depreciation)**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
Land	\$ 4,701,264	\$ 2,843,861	\$ 6,738,869	\$ 5,731,282	\$ 11,440,133	\$ 8,575,143
Buildings and improvements	44,665,542	33,566,179	10,860,905	11,300,883	55,526,447	44,867,062
Machinery and equipment	2,624,263	2,291,899	992,111	1,096,021	3,616,374	3,387,920
Infrastructure	146,364,622	153,134,004	118,232,207	120,298,444	264,596,829	273,432,448
Construction in progress	7,094,135	12,414,084	4,031,386	374,145	11,125,521	12,788,229
<b>Total</b>	<b>\$ 205,449,826</b>	<b>\$ 204,250,027</b>	<b>\$ 140,855,478</b>	<b>\$ 138,800,775</b>	<b>\$ 346,305,304</b>	<b>\$ 343,050,802</b>

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

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

**Long-term Debt.** At September 30, 2010, the City had total bonded debt outstanding of \$156,040,000. Of this amount, \$15,765,000 represents General Obligation debt approved by a vote of the citizens. The remainder of the City of Pflugerville's debt represents bonds secured by the full faith and credit of the government.

**Capital Asset and Debt Administration (continued)**

**City of Pflugerville's Outstanding Debt at Year-End**

	Governmental activities		Business-type activities		Total	
	2010	2009	2010	2009	2010	2009
General obligation bonds	\$ 15,765,000	\$ 18,700,000	\$ -	\$ -	\$ 15,765,000	\$ 18,700,000
Revenue bonds	-	-	-	3,800,000	-	3,800,000
Certificates of obligation	58,555,235	46,146,845	81,719,765	73,588,155	140,275,000	119,735,000
Total	\$ 74,320,235	\$ 64,846,845	\$ 81,719,765	\$ 77,388,155	\$ 156,040,000	\$ 142,235,000

The City of Pflugerville's total debt increased by \$13,805,000 (9.7%) during the current fiscal year. The key factors in this increase were a \$17,790,000 combination tax and revenue bond issue and a \$5,635,000 limited tax refunding bond issue. The combination tax and revenue bonds were issued to fund continuing improvements to Pflugerville Parkway West, and various other street, drainage, and wastewater projects. The refunding bonds defeased debt issued in 1993, 1996, 1997, 1999, and 2000 at higher interest rates.

The State of Texas limits the legal amount of tax levy available for general obligation debt service to \$1.50 per \$100 valuation. The City of Pflugerville's 2010 debt levy equaled \$0.1976 per \$100 assessed valuation, or 13.17% of the maximum allowed.

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

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

The population of the City of Pflugerville increased by 9% during fiscal year 2010. Annexations account for a majority of the increase and additional annexations will continue through 2011. In utilities, water customers grew by 3.6% and wastewater customers grew by 3.2%. The developer of the Stone Hill Town Center, NewQuest Properties, continues construction on this mixed-use development at the intersection of State Highway 130 and State Highway 45. During fiscal year 2010 additional businesses opened in Stone Hill Town Center. Two major projects began during FY 2010 and will be completed in FY 2011: a 9-screen Cinemark Theater; and a 24-Hour Fitness. Other projects proposed for FY 2011 are a credit union and a free-standing emergency room complex to include physician offices. This will be the first emergency room located within the City. The City has increased its water and wastewater capacities to serve the areas in this growth corridor. The Pflugerville Community Development Corporation continues to make concerted marketing efforts to attract more commercial development along these two roadways. All of these factors were considered in preparing the City of Pflugerville's budget for the 2011 fiscal year.

The fiscal year 2011 budget will be balanced without requiring a transfer from fund balance. The budgeting process focused on lean government operations. The prevailing economic environment significantly affected the planned expenditures and anticipated revenues during the coming year.

Water and wastewater rates were not adjusted in 2010. A rate study was conducted and results forecast no rate increase necessary at the present time. An annual review of the rates will be conducted. There is no adjustment of water or wastewater rates anticipated in fiscal year 2010-2011.

**Contacting the City's Financial Management**

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

Finance Department  
City of Pflugerville  
100 East Main, Suite 100  
Pflugerville, TX 78660  
(512) 990-6100

[www.cityofpflugerville.com](http://www.cityofpflugerville.com)

# **BASIC FINANCIAL STATEMENTS**



**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF NET ASSETS**  
**SEPTEMBER 30, 2010**

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
<b>ASSETS</b>				
Cash and investments	\$ 9,932,756	\$ 7,417,442	\$ 17,350,198	\$ 1,401,039
Receivables (net of allowance)	1,562,763	2,609,336	4,172,099	359,192
Interfund balances	(67)	67	-	-
Due from component unit	22,377	-	22,377	-
Deferred charges	1,398,008	801,582	2,199,590	-
Restricted assets:				
Restricted cash and investments	20,680,434	13,625,806	34,306,240	-
Capital assets, not being depreciated:				
Land	4,701,264	6,738,869	11,440,133	9,958,279
Construction in progress	7,094,135	4,031,386	11,125,521	-
Capital assets, net of depreciation:				
Buildings and improvements	44,665,542	10,860,905	55,526,447	-
Machinery and equipment	2,624,263	993,733	3,617,996	31,557
Infrastructure and system	146,364,622	118,230,585	264,595,207	-
Total assets	239,046,097	165,309,711	404,355,808	11,750,067
<b>LIABILITIES</b>				
Accounts payable	536,133	892,321	1,428,454	79,206
Wages payable	503,415	62,639	566,054	-
Customer deposits and escrow payable	1,560,414	625,260	2,185,674	-
Accrued interest payable	562,664	653,930	1,216,594	48,007
Noncurrent liabilities:				
Due within one year	2,194,242	1,778,832	3,973,074	-
Due in more than one year	72,752,417	80,249,589	153,002,006	8,500,000
Total liabilities	78,109,285	84,262,571	162,371,856	8,627,213
<b>NET ASSETS</b>				
Invested in capital assets, net of related debt	149,792,131	64,632,713	214,424,844	1,489,836
Restricted for capital projects	-	7,353,801	7,353,801	-
Restricted for debt service	1,507,785	-	1,507,785	-
Unrestricted	9,636,896	9,060,627	18,697,523	1,633,018
Total net assets	\$ 160,936,812	\$ 81,047,141	\$ 241,983,953	\$ 3,122,854

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

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF ACTIVITIES  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary government</b>				
Governmental activities:				
General government	\$ 4,925,093	\$ 539,231	\$ 43,768	\$ -
Public safety	10,598,083	2,495,521	127,086	19,848
Public works and streets	13,447,395	-	158,128	2,248,098
Culture and recreation	3,609,824	791,284	19,886	1,007,100
Interest and fiscal charges	3,537,244	-	-	-
Total governmental activities	<u>36,117,639</u>	<u>3,826,036</u>	<u>348,868</u>	<u>3,275,046</u>
Business-type activities:				
Water and wastewater	16,210,845	15,574,151	-	1,183,812
Solid waste	3,273,306	3,299,820	-	-
Total business-type activities	<u>19,484,151</u>	<u>18,873,971</u>	<u>-</u>	<u>1,183,812</u>
Total primary government	<u>\$ 55,601,790</u>	<u>\$ 22,700,007</u>	<u>\$ 348,868</u>	<u>\$ 4,458,858</u>
<b>Component unit</b>				
Pflugerville Community Development Corporation	<u>\$ 2,078,187</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General revenues:**

Taxes:

    Property taxes

    Sales taxes

    Franchise taxes

    Mixed beverage taxes

Investment income

Other income

Gain on sale of capital assets

Transfers

    Total general revenues and transfers

Change in net assets

Net assets - beginning

Prior period adjustment

Net assets - beginning, restated

Net assets - ending

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

Net (Expense) Revenue and Changes in Net Assets

Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
\$ (4,342,094)	\$ -	\$ (4,342,094)	
(7,955,628)	-	(7,955,628)	
(11,041,169)	-	(11,041,169)	
(1,791,554)	-	(1,791,554)	
(3,537,244)	-	(3,537,244)	
<u>(28,667,689)</u>	<u>-</u>	<u>(28,667,689)</u>	
-	547,118	547,118	
-	26,514	26,514	
<u>-</u>	<u>573,632</u>	<u>573,632</u>	
<u>(28,667,689)</u>	<u>573,632</u>	<u>(28,094,057)</u>	
			\$ <u>(2,078,187)</u>
16,261,249	-	16,261,249	-
3,363,739	-	3,363,739	1,698,968
2,595,306	-	2,595,306	-
22,286	-	22,286	-
86,486	55,546	142,032	21,825
735,784	50,044	785,828	-
9,432	5,036	14,468	-
500,000	(500,000)	-	-
<u>23,574,282</u>	<u>(389,374)</u>	<u>23,184,908</u>	<u>1,720,793</u>
(5,093,407)	184,258	(4,909,149)	(357,394)
166,246,185	80,862,883	247,109,068	3,480,248
(215,966)	-	(215,966)	-
<u>166,030,219</u>	<u>80,862,883</u>	<u>246,893,102</u>	<u>3,480,248</u>
\$ <u>160,936,812</u>	\$ <u>81,047,141</u>	\$ <u>241,983,953</u>	\$ <u>3,122,854</u>

**CITY OF PFLUGERVILLE, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
AS OF SEPTEMBER 30, 2010**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>ASSETS</b>					
Cash and investments	\$ 8,000,681	\$ 371,360	\$ -	\$ 1,560,715	\$ 9,932,756
Taxes receivable	1,018,796	-	110,065	-	1,128,861
Other receivables	433,902	-	-	-	433,902
Due from other funds	-	-	12,063	-	12,063
Due from component unit	22,377	-	-	-	22,377
Restricted investments	-	-	2,058,386	18,622,048	20,680,434
	-	-	2,058,386	18,622,048	20,680,434
Total assets	\$ 9,475,756	\$ 371,360	\$ 2,180,514	\$ 20,182,763	\$ 32,210,393
<b>LIABILITIES AND FUND BALANCES</b>					
Liabilities:					
Accounts payable	\$ 507,346	\$ -	\$ -	\$ 28,787	\$ 536,133
Wages payable	503,415	-	-	-	503,415
Due to other funds	12,130	-	-	-	12,130
Escrow payable	-	-	-	1,560,414	1,560,414
Deferred revenue	556,078	-	110,065	-	666,143
Total liabilities	1,578,969	-	110,065	1,589,201	3,278,235
Fund balances:					
Reserved for:					
Debt service	-	-	2,070,449	-	2,070,449
Unreserved, reported in:					
General fund	7,896,787	-	-	-	7,896,787
Special revenue fund	-	371,360	-	-	371,360
Capital projects fund	-	-	-	18,593,562	18,593,562
Total fund balances	7,896,787	371,360	2,070,449	18,593,562	28,932,158
Total liabilities and fund balances	\$ 9,475,756	\$ 371,360	\$ 2,180,514	\$ 20,182,763	\$ 32,210,393

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 ASSETS  
AS OF SEPTEMBER 30, 2010**

Fund balances of governmental funds	\$	28,932,158
Amounts reported for governmental activities in the Statement of Net Assets 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.		205,449,826
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.		(74,320,235)
The net OPEB obligation will not be liquidated with current financial resources and therefore has not been included in the fund financial statements.		(217,111)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.		(478,291)
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.		(562,664)
Bond issuance costs are recorded as expenditures when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements.		1,398,008
Premiums and discounts on bond issuances are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.		68,978
Receivables from property taxes (\$343,954) and fines (\$322,189) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		<u>666,143</u>
Net assets of governmental activities	\$	<u><u>160,936,812</u></u>

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

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES**  
**AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
<b>REVENUES</b>					
Taxes:					
Property	\$ 11,000,421	\$ -	\$ 5,285,883	\$ -	\$ 16,286,304
Sales	3,363,739	-	-	-	3,363,739
Franchise	2,595,306	-	-	-	2,595,306
Mixed beverage	22,286	-	-	-	22,286
Licenses and permits	565,878	21,902	-	-	587,780
Intergovernmental	93,715	4,866	-	1,519,822	1,618,403
Fines and forfeitures	965,294	168,576	-	-	1,133,870
Investment income	21,571	194	27,199	37,522	86,486
Charges for services	2,028,632	-	-	-	2,028,632
Deutschen Pfest income	-	108,595	-	-	108,595
Other income	440,756	5,624	-	307,138	753,518
Total revenues	21,097,598	309,757	5,313,082	1,864,482	28,584,919
<b>EXPENDITURES</b>					
Current:					
General government	4,580,692	-	-	-	4,580,692
Public safety	9,724,106	126,783	-	-	9,850,889
Public works and streets	1,673,767	-	-	113,001	1,786,768
Culture and recreation	3,141,428	84,435	-	-	3,225,863
Debt service:					
Agent fees/issuance costs	-	-	83,770	418,417	502,187
Interest	-	-	3,316,886	-	3,316,886
Principal retirement	-	-	1,852,440	-	1,852,440
Capital outlay	3,803,415	-	-	8,741,390	12,544,805
Total expenditures	22,923,408	211,218	5,253,096	9,272,808	37,660,530
<b>EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES</b>	(1,825,810)	98,539	59,986	(7,408,326)	(9,075,611)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers out	-	(6,872)	-	-	(6,872)
Transfers in	506,872	-	-	-	506,872
Proceeds from sale of capital assets	9,432	-	-	-	9,432
Payment to bond refunding escrow agent	-	-	(2,901,716)	-	(2,901,716)
Premium on issuance of bonds	-	-	42,646	-	42,646
Discount on issuance of bonds	-	-	-	(96,625)	(96,625)
Issuance of bonds	-	-	3,146,088	11,235,830	14,381,918
Insurance recoveries	28,638	-	-	-	28,638
Total other financing sources and uses	544,942	(6,872)	287,018	11,139,205	11,964,293
<b>NET CHANGE IN FUND BALANCES</b>	(1,280,868)	91,667	347,004	3,730,879	2,888,682
<b>FUND BALANCES, BEGINNING</b>	9,397,669	279,693	1,723,445	14,862,683	26,263,490
<b>PRIOR PERIOD ADJUSTMENT</b>	(220,014)	-	-	-	(220,014)
<b>FUND BALANCES, BEGINNING, RESTATED</b>	9,177,655	279,693	1,723,445	14,862,683	26,043,476
<b>FUND BALANCES, ENDING</b>	\$ 7,896,787	\$ 371,360	\$ 2,070,449	\$ 18,593,562	\$ 28,932,158

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, 2010**

Net change in fund balances - total governmental funds	\$	2,888,682
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 assets.		12,232,225
The City received street infrastructure contributed by developers. Other capital assets were donated to the City as well. These contributions increase net assets.		1,689,632
Certain construction in progress capital outlay was previously capitalized in the government-wide financial statements. Due to increased cost estimates, the City decided to discontinue this project. Thus, net assets are decreased by the previously capitalized construction in progress.		(1,535,389)
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 assets.		(11,186,669)
The issuance of bonds payable is reported as other financing sources in the fund financial statements but is shown as increases in long-term debt in the government-wide financial statements.		(14,175,830)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		4,702,440
Decreases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to increase net assets.		7,034
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expense is reported when due. The increase in interest accrual from 2009 to 2010 decreases net assets.		(34,704)
Increases to liabilities for OPEB are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net assets.		(108,579)
Bond issuance costs are expended in the fund financial statements when paid but are capitalized and amortized in the government-wide financial statements.		368,419
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.		53,809
Revenues from property taxes and fines are deferred in the fund financial statements until they are considered available to fund current expenditures, but such revenues are recognized in the government-wide statements.		<u>5,523</u>
Change in net assets of governmental activities	\$	<u><u>(5,093,407)</u></u>

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

**CITY OF PFLUGERVILLE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**  
**FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
<b>REVENUES</b>	Original	Final	Actual	
Taxes:				
Property	\$ 10,776,860	\$ 10,896,080	\$ 11,000,421	\$ 104,341
Sales	3,801,292	3,801,292	3,363,739	(437,553)
Franchise	2,743,750	2,743,750	2,595,306	(148,444)
Mixed beverage	30,000	30,000	22,286	(7,714)
Licenses and permits	700,500	700,500	565,878	(134,622)
Intergovernmental/grants	-	38,822	93,715	54,893
Fines and forfeitures	959,829	959,829	965,294	5,465
Interest income	50,000	50,000	21,571	(28,429)
Charges for services	2,101,693	2,101,693	2,028,632	(73,061)
Other income	109,000	318,839	440,756	121,917
Fund balance transfer	-	2,500,000	2,500,000	-
Total revenues	21,272,924	24,140,805	23,597,598	(543,207)
<b>EXPENDITURES</b>				
Current:				
General government	4,647,549	4,887,808	4,580,692	307,116
Public safety	10,429,909	10,479,339	9,724,106	755,233
Public works and streets	2,048,649	2,048,649	1,673,767	374,882
Culture and recreation	3,372,227	3,382,561	3,141,428	241,133
Capital outlay	1,132,922	3,729,349	3,803,415	(74,066)
Total expenditures	21,631,256	24,527,706	22,923,408	1,604,298
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	(358,332)	(386,901)	674,190	1,061,091
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	500,000	506,871	506,872	1
Sale of capital assets	500	500	9,432	8,932
Insurance recoveries	-	21,698	28,638	6,940
Total other financing sources and uses	500,500	529,069	544,942	15,873
<b>NET CHANGE IN FUND BALANCES</b>	142,168	142,168	1,219,132	1,076,964
<b>FUND BALANCE, BEGINNING</b>	9,397,669	9,397,669	9,397,669	-
<b>PRIOR PERIOD ADJUSTMENT</b>	(220,014)	(220,014)	(220,014)	-
<b>FUND BALANCES, BEGINNING, RESTATED</b>	9,177,655	9,177,655	9,177,655	-
<b>FUND BALANCE, ENDING</b>	\$ 8,468,692	\$ 9,319,823	10,396,787	\$ 1,076,964
Reconciliation to GAAP basis:				
Remove fund balance transfer			(2,500,000)	
Fund Balance, Ending- GAAP basis			\$ 7,896,787	

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

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF NET ASSETS  
PROPRIETARY FUNDS  
SEPTEMBER 30, 2010**

		<u>Enterprise Fund Utility</u>
<b>ASSETS</b>		
Current assets:		
Cash and investments	\$	7,417,442
Due from other funds		67
Restricted cash and investments		864,643
Accounts receivable, net		<u>2,609,336</u>
Total current assets		10,891,488
Non-current assets:		
Restricted cash and investments:		
Revenue bond covenant accounts		6,127,095
Impact fees		6,634,068
Bond issuance costs, net		801,582
Capital assets:		
Land		6,738,869
Buildings and improvements		13,209,340
Equipment		3,335,530
Infrastructure and system		146,554,404
Construction in progress		4,031,386
Less accumulated depreciation		<u>(33,014,051)</u>
Total capital assets, net of accumulated depreciation		<u>140,855,478</u>
Total non-current assets		<u>154,418,223</u>
Total assets		165,309,711
<b>LIABILITIES</b>		
Current liabilities:		
Accounts payable		892,321
Wages payable		62,639
Compensated absences payable		7,426
Customer deposits		625,260
Accrued interest payable		653,930
Tax and revenue bonds payable - current		<u>1,771,406</u>
Total current liabilities		4,012,982
Non-current liabilities:		
Tax and revenue bonds payable		80,184,099
Compensated absences payable		29,704
Net OPEB obligation		<u>35,786</u>
Total non-current liabilities		<u>80,249,589</u>
Total liabilities		84,262,571
<b>NET ASSETS</b>		
Invested in capital assets, net of related debt		64,632,713
Restricted for capital projects		7,353,801
Unrestricted		<u>9,060,627</u>
Total net assets	\$	<u><u>81,047,141</u></u>

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

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF REVENUES, EXPENSES  
AND CHANGES IN FUND NET ASSETS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Enterprise Fund Utility
<b>OPERATING REVENUE</b>	
Charges for sales and services:	
Water sales	\$ 10,304,179
Wastewater sales	5,269,972
Solid waste sales	3,299,820
Other income	50,044
Total operating revenues	18,924,015
<b>OPERATING EXPENSES</b>	
Utility administration	1,788,949
Water operations	5,012,527
Wastewater operations	1,855,730
Solid waste operations	3,273,306
Depreciation and amortization	3,670,033
Total operating expenses	15,600,545
<b>OPERATING INCOME</b>	3,323,470
<b>NONOPERATING REVENUES (EXPENSES)</b>	
Gain (loss) on sale of capital assets	5,036
Investment income	55,546
Interest expense and fees	(3,883,606)
Total nonoperating revenues (expenses)	(3,823,024)
<b>INCOME BEFORE CONTRIBUTIONS AND TRANSFERS</b>	(499,554)
<b>CAPITAL CONTRIBUTIONS</b>	1,183,812
<b>TRANSFERS IN</b>	-
<b>TRANSFERS OUT</b>	(500,000)
<b>CHANGE IN NET ASSETS</b>	184,258
<b>TOTAL NET ASSETS, BEGINNING</b>	80,862,883
<b>TOTAL NET ASSETS, ENDING</b>	\$ 81,047,141

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

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

	Enterprise Fund <u>Utility</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	
Receipts from customers	\$ 19,206,635
Payments to or on behalf of employees	(1,907,430)
Payments to suppliers	(9,949,618)
Net cash provided by operating activities	<u>7,349,587</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>	
Payments to other funds	(855,380)
Payments from other funds	258
Net cash used by noncapital financing activities	<u>(855,122)</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>	
Proceeds from issuance of revenue bonds	8,975,893
Capital contributions	596,812
Proceeds from sale of capital assets	5,036
Acquisition of capital assets	(5,099,511)
Principal paid on bonds	(4,917,560)
Interest paid on bonds	(3,895,269)
Net cash used by capital and related financing activities	<u>(4,334,599)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	
(Increase) decrease in short-term investments	(3,053,194)
Interest received	55,546
Net cash used by investing activities	<u>(2,997,648)</u>
<b>NET DECREASE IN CASH AND CASH EQUIVALENTS</b>	(837,782)
<b>CASH AND CASH EQUIVALENTS, BEGINNING</b>	<u>1,265,442</u>
<b>CASH AND CASH EQUIVALENTS, ENDING</b>	<u>\$ 427,660</u>
<b>RECONCILIATION TO STATEMENT OF NET ASSETS</b>	
Cash and cash equivalents	\$ 427,660
Investments	20,615,588
Total cash and investments	<u>\$ 21,043,248</u>
<b>REPORTED AS:</b>	
Cash and investments	\$ 7,417,442
Restricted cash and investments	13,625,806
Total cash and investments	<u>\$ 21,043,248</u>

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

**CITY OF PFLUGERVILLE, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2010**

		Enterprise Fund Utility
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES</b>		
Operating income	\$	3,323,470
Adjustments to reconcile operating income to net cash provided (used) by operating activities:		
Depreciation and amortization		3,670,033
(Increase) decrease in accounts receivable		289,935
Increase (decrease) in accounts payable		45,619
Increase (decrease) in customer deposits		(7,315)
Increase (decrease) in accrued liabilities		27,845
Net cash provided by operating activities	\$	7,349,587
 <b>NONCASH INVESTING AND FINANCING ACTIVITIES</b>		
Infrastructure contributed by developers	\$	587,000

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

# **NOTES TO FINANCIAL STATEMENTS**



**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 1: REPORTING ENTITY**

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

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

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

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

The City also evaluated each legally separate, tax-exempt organization whose resources are used principally to provide support to the City to determine if its omission from the reporting entity would result in the financial statements which are misleading or incomplete. GASB Statement No. 14 requires inclusion of such an organization as a component unit when: 1) the economic resources received or held by the organization are entirely or almost entirely for the direct benefit of the City, its component units or its constituents; and 2) the City or its component units is entitled to, or has the ability to otherwise access, a majority of the economic resources received or held by the organization; and 3) such economic resources are significant to the City.

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

**The Pflugerville Community Development Corporation (PCDC).** The City adopted (through the election process) an optional ½ cent sales tax for economic development purposes. The Corporation is a nonprofit corporation specifically governed by Section 4B of the Development Corporation Act of 1970, as amended. The purpose of the PCDC is to promote economic development within the City of Pflugerville. The seven-member Board of Directors is appointed by the City Council. The Board is regularly accountable to the City Council for all activities undertaken by them or on their behalf and the City has the ability to impose its will on the Board. Complete financial statements for the PCDC may be obtained at the entity's administrative offices.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS**

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

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

**Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION**

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

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

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

The City reports the following major governmental funds:

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

The **Special Revenue Fund** is used to account for the proceeds of specific revenue sources (other than major capital projects) that are restricted to expenditures for specified purposes, such as the Deutschen Pfest, drug seizure funds, and grant monies.

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.

## CITY OF PFLUGERVILLE, TEXAS

### NOTES TO FINANCIAL STATEMENTS

#### Note 3: MEASUREMENT FOCUS, BASIS OF ACCOUNTING AND FINANCIAL STATEMENT PRESENTATION (continued)

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The City has elected not to follow subsequent private-sector guidance.

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.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

#### Note 4: ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY

##### Cash and Cash Equivalents

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

##### Investments

Investments are reported at fair value, and the changes in the fair value of investments are recognized as investment revenue.

##### 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.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4: ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)**

Restricted Assets and Payables from Restricted Assets

Certain resources have been set aside for the repayment of proprietary fund type revenue bonds. The assets and related payables are classified as restricted because their use is limited by applicable bond covenants. Also included in restricted assets are capital recovery fees (impact fees) that are, by law, restricted for future capital improvements; and assets set aside for construction of future debt funded capital improvements.

Capital Assets

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

Interest is capitalized on proprietary fund assets acquired with tax-exempt debt. The amount of interest to be capitalized is calculated by offsetting interest expense incurred from the date of the borrowing until completion of the project with interest earned on invested proceeds over the same period. No interest expense was capitalized in the enterprise fund during the 2010 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

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 assets.

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, as well as issuance costs, 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.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 4: ASSETS, LIABILITIES, AND NET ASSETS OR EQUITY (continued)**

Compensated Absences

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

Reserves and Designations of Fund Equity

In the fund financial statements, governmental funds report reservations for amounts that are not available for appropriations or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. Amounts restricted for revenue bond debt service represent portions of net assets which are required to be segregated in accordance with the City's bond requirements.

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.

Property Taxes

Property is appraised and a lien on such property becomes enforceable as of January 1<sup>st</sup> 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, 2010, was \$.609 per \$100 of assessed valuation.

**Note 5: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY**

Budgetary Information

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

Ninety days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed budget for the fiscal year beginning on the following October 1. The operating budget includes proposed expenditures and the means of financing them. Work sessions are conducted to obtain Council Members' comments, and public hearings are conducted to obtain citizens' comments. The budget is legally enacted by the City Council through the adoption of an ordinance prior to the beginning of the fiscal year. The City Manager is authorized to transfer budgeted amounts of operation and maintenance line items between departments within a fund. Any revisions that alter the total expenditures or the capital outlays of any fund must be approved by the City Council. A legally approved budget is not adopted for the Capital Projects Fund because expenditures in this fund are limited to the funds available from long-term debt issuances.

Formal budget integration is employed as a management control device during the year for the General Fund. Formal budgetary integration is not employed for the Debt Service Fund because effective budgetary control is alternatively achieved through general obligation bond indenture. 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. A legally approved budget is not adopted for the Special Revenue Fund. The Special Revenue Fund is expended at the discretion of the appropriate department manager.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS**

Cash and Investments

*Custodial Credit Risk.* Deposits (cash and certificates of deposit) in financial institutions are carried at cost which approximates fair values. The City's cash deposits at September 30, 2010, were entirely covered by FDIC insurance and pledged collateral held by the District'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) other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or the United States; (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) fully collateralized direct repurchase agreements having a defined termination date, secured by obligations described by (1), pledged with a third party selected or approved by the City, and placed through a primary government securities dealer.

Following are the City's cash and investments at September 30, 2010:

	Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	\$ 2,125	N/A
Deposits with financial institutions	1,762,489	N/A
Lone Star Investment Pool - liquidity fund	1,232,428	55
TexPool	48,659,396	34
Total Cash and Investments	<u>\$ 51,656,438</u>	33.3

Investment pools are not categorized as to investment risk since specific securities relating to the City cannot be identified. 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. Lone Star Investment Pool uses an independent, third party bank, The Bank of New York Mellon, for custody and valuation services. The bank settles all trades for the Pool and secures and values its assets every day. American Beacon Advisors and The Bank of New York Mellon Cash Investment Strategies provide investment management services to the Pool. The fair value of the City's position in these pools is the same as the value of the pool shares.

*Interest Rate Risk.* In accordance with its investment policy, the City manages its exposure to declines in fair market 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, 2010, the City's investments in Lone Star and TexPool were both rated AAAM by Standard & Poor's.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Capital Assets

A summary of changes in capital assets follows:

Primary Government

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Governmental activities:</b>				
Capital assets, not being depreciated:				
Land	\$ 2,843,861	\$ 1,857,403	\$ -	\$ 4,701,264
Construction in progress	12,414,084	11,387,443	16,707,392	7,094,135
Total assets not being depreciated	<u>15,257,945</u>	<u>13,244,846</u>	<u>16,707,392</u>	<u>11,795,399</u>
Capital assets, being depreciated:				
Buildings and improvements	43,861,911	14,324,918	-	58,186,829
Machinery and equipment	6,462,854	810,096	151,661	7,121,289
Infrastructure	263,086,938	714,000	-	263,800,938
Total capital assets being depreciated	<u>313,411,703</u>	<u>15,849,014</u>	<u>151,661</u>	<u>329,109,056</u>
Less accumulated depreciation:				
Buildings and improvements	10,295,732	3,225,555	-	13,521,287
Machinery and equipment	4,170,955	477,732	151,661	4,497,026
Infrastructure	109,952,934	7,483,382	-	117,436,316
Total accumulated depreciation	<u>124,419,621</u>	<u>11,186,669</u>	<u>151,661</u>	<u>135,454,629</u>
Total capital assets being depreciated, net	188,992,082	4,662,345	-	193,654,427
Governmental activities capital assets, net	<u>\$ 204,250,027</u>	<u>\$ 17,907,191</u>	<u>\$ 16,707,392</u>	<u>\$ 205,449,826</u>

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

	Beginning Balance	Additions	Deletions	Ending Balance
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 5,731,282	\$ 1,007,587	\$ -	\$ 6,738,869
Construction in progress	374,145	3,664,828	7,587	4,031,386
Total assets not being depreciated	6,105,427	4,672,415	7,587	10,770,255
Capital assets, being depreciated:				
Buildings and improvements	13,209,340	-	-	13,209,340
Machinery and equipment	3,230,319	158,454	53,243	3,335,530
Infrastructure	145,691,173	863,231	-	146,554,404
Total capital assets being depreciated	162,130,832	1,021,685	53,243	163,099,274
Less accumulated depreciation:				
Buildings and improvements	1,908,457	439,978	-	2,348,435
Machinery and equipment	2,134,298	260,742	53,243	2,341,797
Infrastructure	25,392,729	2,931,090	-	28,323,819
Total accumulated depreciation	29,435,484	3,631,810	53,243	33,014,051
Total capital assets being depreciated, net	132,695,348	(2,610,125)	-	130,085,223
Business-type activities capital assets, net	\$ 138,800,775	\$ 2,062,290	\$ 7,587	\$ 140,855,478
<b>Discretely presented component unit:</b>				
Capital assets, not being depreciated:				
Land	\$ 5,439,152	\$ 4,519,127	\$ -	\$ 9,958,279
Total assets not being depreciated	5,439,152	4,519,127	-	9,958,279
Capital assets, being depreciated:				
Furniture and equipment	24,309	19,087		43,396
Leasehold improvements	-	5,000	-	5,000
Total capital assets being depreciated	24,309	24,087	-	48,396
Less accumulated depreciation:				
Furniture and equipment	12,577	4,262		16,839
Leasehold improvements	-	-	-	-
Total accumulated depreciation	12,577	4,262	-	16,839
Total capital assets being depreciated, net	11,732	19,825	-	31,557
Discretely presented component unit activities capital assets, net	\$ 5,450,884	\$ 4,538,952	\$ -	\$ 9,989,836

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

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

Governmental activities:			
General government		\$	242,132
Public safety			502,163
Public works			10,093,923
Culture/recreation			348,451
Total depreciation expense - governmental activities		\$	<u>11,186,669</u>
Business-type activities			
Water and sewer		\$	3,631,810
Total depreciation expense - business-type activities		\$	<u>3,631,810</u>

Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2010, is as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Purpose</u>
Debt service	General	\$ 12,063	Transfer property taxes
Utility	General	67	Transfer for payables
<u>Transfers In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General	Utility	\$ 500,000	Management fee
General	Special revenue	6,872	Contribution to General fund

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

Long-term Debt

The following is a summary of long-term debt transactions of the City for the fiscal year ended September 30, 2010:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
<b>Governmental activities</b>					
General obligation bonds	\$ 64,846,845	\$ 14,175,830	\$ 4,702,440	\$ 74,320,235	\$ 2,098,584
Premium on bond issuance	178,275	42,646	12,485	208,436	-
Discount on bonds	(193,444)	(96,625)	12,655	(277,414)	-
Compensated absences	485,325	-	7,034	478,291	95,658
Net OPEB obligation	108,532	108,579	-	217,111	-
Governmental activities long-term liabilities	<u>\$ 65,425,533</u>	<u>\$ 14,230,430</u>	<u>\$ 4,734,614</u>	<u>\$ 74,946,659</u>	<u>\$ 2,194,242</u>
<b>Business-type activities</b>					
Utility bonds	\$ 77,388,155	\$ 9,249,170	\$ 4,917,560	\$ 81,719,765	\$ 1,771,406
Premium on bond issuance	273,188	37,777	15,298	295,667	-
Discount on bonds	-	(61,938)	2,011	(59,927)	-
Compensated absences	38,404	-	1,274	37,130	7,426
Net OPEB obligation	18,110	17,676	-	35,786	-
Business-type activities long-term liabilities	<u>\$ 77,717,857</u>	<u>\$ 9,242,685</u>	<u>\$ 4,936,143</u>	<u>\$ 82,028,421</u>	<u>\$ 1,778,832</u>
Total long-term debt	<u><u>\$ 143,143,390</u></u>	<u><u>\$ 23,473,115</u></u>	<u><u>\$ 9,670,757</u></u>	<u><u>\$ 156,975,080</u></u>	<u><u>\$ 3,973,074</u></u>
<b>Discretely presented component unit</b>					
Notes payable	\$ 4,800,000	\$ 3,700,000	-	\$ 8,500,000	-

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 and the OPEB obligation.

General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2010, are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2011	\$ 2,098,584	\$ 3,489,677	\$ 5,588,261
2012	2,176,210	3,417,068	5,593,278
2013	2,339,834	3,340,897	5,680,731
2014	2,428,937	3,248,178	5,677,115
2015	2,394,709	3,153,499	5,548,209
2016-2020	14,094,140	13,991,324	28,085,463
2021-2025	17,559,941	10,377,620	27,937,562
2026-2030	13,047,881	6,683,720	19,731,601
2031-2035	18,179,999	3,006,972	21,186,971
Total	<u><u>\$ 74,320,235</u></u>	<u><u>\$ 50,708,955</u></u>	<u><u>\$ 125,029,190</u></u>

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

A summary of tax-supported general obligation debt outstanding at September 30, 2010, follows:

		Purpose
\$13,450,000 Series 1999 General Obligation Bonds, due in annual installments of \$25,000 to \$1,500,000 through August 1, 2024; interest at 4.75% to 6.75%.	\$ 12,825,000	Street, road, and park improvements, Justice Center
\$4,750,000 Series 2001 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$105,000 to \$405,000 through August 1, 2021; interest at 4.2% to 6.0%.	3,355,000	Street improvements, park improvements, Justice Center
\$9,994,200 Series 2002 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$170,500 to \$632,500 through August 1, 2032; interest at 4.5% to 5.25%.	8,638,450	Street projects, Northeast Metro Park
\$713,200 Series 2003 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$14,400 to \$46,200 through August 1, 2033; interest at 3% to 5.5%.	653,000	Radio equipment
\$3,000,000 Series 2004 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$43,470 to \$783,405 through August 1, 2034; interest at 2.5% to 5.25%.	2,742,015	Drainage projects, street projects, hike and bike trail
\$3,400,000 Series 2005 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$30,740 to \$1,044,100 through August 1, 2035; interest at 4% to 5.25%.	3,165,740	Street improvements
\$4,785,000 Series 2006 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$25,000 to \$2,180,000 through August 1, 2025; interest at 4%.	4,710,000	Street projects
\$10,315,000 Series 2007 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$210,000 to \$1,085,000 through August 1, 2033; interest at 4% to 5%.	9,895,000	Street projects
\$11,500,000 Series 2009 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$220,000 to \$2,655,000 through August 1, 2035; interest at 3% to 5.375%.	11,280,000	Streets, construction and drainage
\$3,000,000 Series 2009 Limited Tax Bonds, due in annual installments of \$60,000 to \$700,000 through August 1, 2031; interest at 3.0% to 5.3%.	2,940,000	Expansion of Library
\$11,235,830 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$227,400 to \$894,000 through August 1, 2035; interest at 2 to 5%.	11,235,830	Infrastructure improvements
\$2,930,200 Series 2009 Limited Tax Refunding Bonds, due in annual installments of \$60,030 to \$608,130 through August 1, 2016 and interest to 3.125%.	2,880,200	Refunding of prior issues 1996, 1996A, and 1997
Total general obligation debt	\$ <u>74,320,235</u>	

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

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.

In December 2009, the City issued refunding bonds, \$5,635,000 Limited Tax Refunding Bonds, Series 2009, for the purpose of redeeming \$5,725,000 of various bond series of the City, in order to lower the overall debt service requirements of the City and to pay costs associated with the issuance of the bonds. As a result of this refunding, the City recognized an economic gain of \$457,886 and cash flow savings (difference between debt service requirements of the old debt versus the new debt) of \$512,950, after the City contributed \$1,232,535 from prior debt service funds.

Utility Debt

A summary of utility debt outstanding at September 30, 2010, follows:

\$8,255,800 Series 2002 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$139,500 to \$517,500 through August 1, 2032; interest at 4.5% to 5.25%.	\$ 7,146,550	Colorado River Supply Project, other water supply projects
\$17,116,800 Series 2003 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$345,600 to \$1,108,800 through August 1, 2033; interest at 3% to 5.5%.	15,672,000	Supply Project, Kennemar Lane Wastewater Plant, Wastewater System Interconnect
\$26,645,000 Series 2003-A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$50,000 to \$3,085,000 through August 1, 2033; interest at 3% to 5%.	26,385,000	Colorado River Project, Wastewater System Interconnect
\$12,800,000 Series 2004 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$186,530 to \$3,361,595 through August 1, 2034; interest at 2.5% to 5.25%.	11,692,985	Wastewater Treatment Facility, Colorado River Project (Lake Pflugerville)
\$12,500,000 Series 2005 Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$114,260 to \$3,880,900 through August 1, 2035; interest at 4% to 5.25%.	11,629,260	Purchase of Wastewater companies (Kelly Lane and Wilke Lane)
\$6,554,170 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of \$132,600 to \$521,000 through August 1, 2035; interest at 2% to 5%.	6,554,170	Wastewater infrastructure improvements
\$2,704,800 Series 2009 Limited Tax Refunding Bonds, due in annual installments of \$54,970 to \$556,870 through August 1, 2016; interest to 3.125%.	2,639,800	Refunding of prior issues - 1993, 1999, and 2000
Total utility debt	\$ <u><u>81,719,765</u></u>	

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

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 6: DETAILED NOTES ON ALL FUNDS (continued)**

The annual requirements to retire all Utility Fund bonds, including interest, as of September 30, 2010, are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2011	\$ 1,771,406	\$ 3,921,715	\$ 5,693,121
2012	1,828,790	3,866,114	5,694,904
2013	1,785,166	3,806,097	5,591,263
2014	1,846,064	3,745,735	5,591,799
2015	2,015,290	3,679,845	5,695,135
2016-2020	11,895,860	16,998,208	28,894,068
2021-2025	14,005,059	13,810,372	27,815,431
2026-2030	21,682,119	9,638,080	31,320,199
2031-2035	24,890,011	3,715,629	28,605,640
Total	\$ <u>81,719,765</u>	\$ <u>63,181,795</u>	\$ <u>144,901,560</u>

Discretely Presented Component Unit Debt

PCDC's note agreements to purchase land are collateralized by the property and sales and use taxes. The notes require interest-only monthly payments at prime plus 25 basis points; however, the rate will not be more than 6.75% or less than 4.75%. The notes for \$4,800,000 and \$3,700,000 are payable in full on November 20, 2012 and January 20, 2014, respectively.

**Note 7: RETIREMENT PLAN**

Plan Description

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

The plan provisions are adopted by the City Council within the options available in the state statutes governing TMRS. Plan provisions for the City for Plan years 2009 and 2010 were as follows:

Employee deposit rate	7.0%
Matching ratio (City to employee)	2 to 1
Years required for vesting	5
Service retirement eligibility (expressed as age/years of service)	60/5, 0/20
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI, repeating

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 7: RETIREMENT PLAN (continued)**

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect. The annual pension cost and net pension obligation are as follows:

**Three Year Trend Information**

Fiscal Year Ending	Annual Pension Cost (APC)	Actual Contributions Made	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 875,240	\$ 875,240	100%	\$ -
2009	1,426,258	1,426,258	100%	-
2010	1,596,475	1,596,475	100%	-

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2007 and 2008 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

Valuation Date	12/31/2007	12/31/2008	12/31/2009
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	30 years; closed period	29 years; closed period	28 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	Amortized Cost	Amortized Cost	10-year Smoothed Market
Actuarial assumptions:			
Investment Rate of Return *	7.0%	7.5%	7.5%
Projected Salary Increases *	Varies by age and service	Varies by age and service	Varies by age and service
* Includes Inflation at Cost-of-Living Adjustments	3.00% 2.1%	3.00% 2.1%	3.00% 2.1%

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 7: RETIREMENT PLAN (continued)**

Funding Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was 65.9% funded. The actuarial accrued liability for benefits was \$23,008,572, and the actuarial value of assets was \$15,166,551, resulting in an unfunded actuarial accrued liability (UAAL) of \$7,842,021. The covered payroll (annual payroll of active employees covered by the plan) was \$12,168,888, and the ratio of the UAAL to the covered payroll was 64.4%.

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

Supplemental Death Benefits Plan

The City also participates in the cost sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefit Fund (SDBF). The City elected to provide group-term life insurance coverage to both current and retired employees. The City 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. Audited financial statements of the SDBF may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB.

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. 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 pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2010, 2009 and 2008 were \$18,336, \$19,163 and \$16,651, respectively, which equaled the required contributions each year.

**Note 8: POSTEMPLOYMENT HEALTH CARE BENEFITS**

Plan Description

The City provides certain health care benefits through a single-employer defined benefit OPEB plan. Regular, full-time employees are eligible to participate in the City's health care plan as a retiree at their own expense. The retiree pays 100% of the premiums for the insurance. Members are eligible at any age with 20 years of service or at age 60 with 5 years of service. Spouses and dependents of retirees are also eligible. As of the date of the latest actuarial valuation, the City has 235 active employees and 6 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's coverage ceases when the retiree becomes eligible for Medicare coverage.

**CITY OF PFLUGERVILLE, TEXAS**

**NOTES TO FINANCIAL STATEMENTS**

**Note 8: POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**

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

Annual OPEB Cost and Net OPEB Obligation

The City's annual other postemployment benefit (OPEB) cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that, if paid on an ongoing basis, is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The City's annual OPEB cost for the fiscal year ending September 30, 2010 is as follows:

Annual Required Contribution (ARC)	\$	134,610
Interest on OPEB Obligation		5,699
Adjustment to the ARC		<u>(5,280)</u>
Annual OPEB Cost		135,029
Net estimated employer contributions		<u>(8,774)</u>
Increase (Decrease) in Net OPEB Obligation		126,255
Net OPEB Obligation, beginning of year		<u>126,642</u>
Net OPEB Obligation, end of year	\$	<u><u>252,897</u></u>

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

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for the current year (4.5% discount rate, and level percent of pay amortization) are as follows:

Fiscal Year Ended	Trend Information					
	Net Employer Contributions	Annual OPEB Cost	Percentage of OPEB Cost Contributed	Net OPEB Obligation	Annual Required Contribution	Percentage of ARC Contributed
9/30/2009	\$ 4,047	\$ 130,689	3.1%	\$ 126,642	\$ 130,689	3.1%
9/30/2010	8,774	135,029	6.5%	252,897	134,610	6.5%

Funding Status and Funding Progress

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Unfunded (AAL) (UAAL)	Funded Ratio	Covered Payroll	UAAL as a Percentage of Covered Payroll
12/31/08	\$ -	\$ 747,146	\$ 747,146	0%	\$ 10,814,036	6.91%

The next actuarial valuation will be for December 31, 2010 and will be included in the next audit report.

Actuarial Methods and Assumptions

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

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 8: POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)**

<u>Actuarial Valuation Date</u>	<u>12/31/2008</u>
Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level as a percentage of payroll
Amortization Period	30 years, open period
Asset Valuation Method	Market Value
Actuarial Assumptions:	
Investment Rate of Return	4.5%, net of expenses
Payroll Growth Rate	3%
Projected Salary Increases	5.5% to 12%
General Inflation Rate	3%
Healthcare Cost Trend Rate	10% in 2009 decreasing by 0.5% in 11 years to an ultimate rate of 4.5%
The number of active members is assumed to remain constant in the future	

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

**Note 9: RISK MANAGEMENT**

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

**Note 10: COMMITMENTS AND CONTINGENCIES**

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately \$591,991 for the Capital Projects Fund and \$276,486 for the Utility Fund.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 10: COMMITMENTS AND CONTINGENCIES (continued)**

In December 2006, the City entered into an economic development agreement with NewQuest Properties, developer of Stone Hill Town Center (“Developer”), a 192 acre multi-tenant commercial/retail development. The City agreed to reimburse the Developer for the costs of infrastructure improvements, to be conveyed to the City, by making payments totaling \$13,200,000 in December 2009, 2010 and 2011, provided that the Developer meets certain property value and sales tax thresholds. The City made the \$5 million scheduled payment in December 2009, \$2.5 million funded by the General Fund and \$2.5 million funded with debt.

In November 2009, PCDC entered into an agreement with the City to contribute its share of debt service payments to the City for bonds that the City issued on PCDC’s behalf. PCDC’s share of the debt was determined to be \$2,750,000 and is to be used for infrastructure improvements to land owned by PCDC. Future payments under the agreement are as follows:

Fiscal Year		
2011	\$	182,082
2012		185,683
2013		184,182
2014		182,686
2015		185,901
2016-2020		920,362
2021-2025		994,076
2026-2030		919,620
2031-2035		914,987
	\$	<u>4,669,579</u>

**Note 11: PRIOR PERIOD ADJUSTMENT**

In the governmental fund financial statements, an adjustment was made to correct sales tax received by the City for a business entity outside the City’s taxing authority and to correct expenditures not recorded correctly in the prior year. The effect of these adjustments was a decrease of \$220,014 to beginning fund balance in the General Fund and net assets of governmental activities.

In the government-wide financial statements, an adjustment was made to reduce the OPEB obligation payable at October 1, 2009 to consider employer contributions made to the plan during the 2009 fiscal year. The effect of this adjustment was an increase of \$4,048 to beginning net assets of governmental activities.

**Note 12: SUBSEQUENT EVENTS**

In December 2010, the City made a \$4.0 million economic development payment to NewQuest Properties for the Stone Hill Town Center Development, as stipulated in an economic development agreement between the two parties. This payment was funded with the December 2010 bond issue (below).

In December 2010, the City issued \$4,130,000 of Combination Tax & Revenue Certificates of Obligation, Series 2010 for general projects including streets, intersections, drainage, sidewalk and other traffic improvements. The City also issued \$2,000,000 of Limited Tax Bonds, Series 2010 for the expansion and renovation of the Pflugerville Community Library.

**CITY OF PFLUGERVILLE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**

**Note 12: SUBSEQUENT EVENTS (continued)**

Also in December 2010, the City issued \$15,780,000 of Limited Tax Refunding Bonds, Series 2010, to advance refund \$2,915,000 of the 2001 Combination Tax and Revenue Certificates of Obligation and \$11,855,000 of the 2002 Combination Tax and Revenue Certificates of Obligation.

In December 2010, the City approved creation of Tax Increment Reinvestment Zone No. 1.

**Note 13: SUBSEQUENT PRONOUNCEMENTS**

In March 2009 the Governmental Accounting Standards Board issued GASB No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions." The objective of this Statement is to enhance the usefulness of fund balance information by providing clearer fund balance classifications that can be more consistently applied and by clarifying the existing governmental fund type definitions. This Statement establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. The requirements of this Statement are effective for financial statements for periods beginning after June 15, 2010. Fund balance reclassifications made to conform to the provisions of this Statement should be applied retroactively by restating fund balance for all prior periods presented.



**REQUIRED  
SUPPLEMENTAL INFORMATION**



**CITY OF PFLUGERVILLE, TEXAS  
 REQUIRED SUPPLEMENTAL INFORMATION  
 TEXAS MUNICIPAL RETIREMENT SYSTEM TREND DATA  
 LAST TEN FISCAL YEARS**

<u>Fiscal Year (1)</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability AAL (1)</u>	<u>Percentage Funded</u>	<u>Unfunded Actuarial Accrued Liability UAAL (1)</u>	<u>Annual Covered Payroll</u>	<u>UAAL as a % of Covered Payroll</u>
2001	\$ 2,122,209	\$ 2,487,747	85.3%	\$ 365,538	\$ 3,974,307	9.2%
2002	2,809,045	3,902,666	72.0%	1,093,621	5,014,769	21.8%
2003	3,798,841	5,331,598	71.3%	1,532,757	5,563,438	27.6%
2004	4,824,132	7,078,470	68.2%	2,254,338	6,112,351	36.9%
2005	5,861,227	8,310,373	70.5%	2,449,146	6,652,912	36.8%
2006	7,404,957	10,204,106	72.6%	2,799,149	7,220,118	38.8%
2007	8,990,058	12,215,701	73.6%	3,225,643	7,627,153	42.3%
2008	10,472,962	16,615,888	63.0%	6,142,926	8,763,918	70.1%
2009	12,549,436	19,436,680	64.6%	6,887,244	10,814,036	63.7%
2010	15,166,551	23,008,572	65.9%	7,842,021	12,168,888	64.4%

Source: Texas Municipal Retirement System Annual Report and City payroll reports

(1) Trend data presented is information as of December 31 of the previous year, which is the fiscal year of TMRS.



**STATISTICAL SECTION**

# STATISTICAL SECTION

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

<b>Contents</b>	<b>Page</b>
Financial Trends <i>These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.</i>	67
Revenue Capacity <i>These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.</i>	74
Debt Capacity <i>These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.</i>	81
Demographic and Economic Information <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.</i>	86
Operating Information <i>These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the service the government provides and the activities it performs.</i>	89

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

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

	<b>Fiscal Year</b>							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b>Governmental activities</b>								
Invested in capital assets, net of related debt	\$ (3,443)	\$ 2,897	\$ 3,761	\$ 158,527	\$ 156,133	\$ 159,687	\$ 153,437	\$ 149,792
Restricted	977	1,124	1,020	1,120	1,242	2,100	1,849	1,508
Unrestricted	<u>6,307</u>	<u>6,449</u>	<u>6,505</u>	<u>7,047</u>	<u>8,188</u>	<u>6,756</u>	<u>10,961</u>	<u>9,637</u>
Total governmental activities net assets	<u>\$ 3,841</u>	<u>\$ 10,470</u>	<u>\$ 11,286</u>	<u>\$ 166,694</u>	<u>\$ 165,563</u>	<u>\$ 168,544</u>	<u>\$ 166,246</u>	<u>\$ 160,937</u>
<b>Business-type activities</b>								
Invested in capital assets, net of related debt	\$ 15,401	\$ 30,062	\$ 33,517	\$ 55,866	\$ 53,876	\$ 58,301	\$ 61,139	\$ 64,633
Restricted	4,304	6,614	9,011	10,623	11,462	10,403	9,578	7,354
Unrestricted	<u>6,724</u>	<u>3,795</u>	<u>3,358</u>	<u>4,280</u>	<u>9,108</u>	<u>9,798</u>	<u>10,145</u>	<u>9,061</u>
Total business-type activities net assets	<u>\$ 26,430</u>	<u>\$ 40,470</u>	<u>\$ 45,886</u>	<u>\$ 70,769</u>	<u>\$ 74,445</u>	<u>\$ 78,502</u>	<u>\$ 80,863</u>	<u>\$ 81,047</u>
<b>Primary government</b>								
Invested in capital assets, net of related debt	\$ 11,959	\$ 32,959	\$ 37,278	\$ 214,393	\$ 210,009	\$ 217,988	\$ 214,577	\$ 214,425
Restricted	5,281	7,737	10,030	11,743	12,704	12,503	11,427	8,862
Unrestricted	<u>13,031</u>	<u>10,244</u>	<u>9,863</u>	<u>11,327</u>	<u>17,296</u>	<u>16,555</u>	<u>21,106</u>	<u>18,698</u>
Total primary government net assets	<u>\$ 30,271</u>	<u>\$ 50,940</u>	<u>\$ 57,172</u>	<u>\$ 237,463</u>	<u>\$ 240,008</u>	<u>\$ 247,045</u>	<u>\$ 247,109</u>	<u>\$ 241,984</u>

\*Note: City of Pflugerville first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

Note: In fiscal year 2006 the City underwent an infrastructure valuation and capitalized previously uncapitalized infrastructure assets.

**City of Pflugerville**  
**Changes in Net Assets**  
**Last Ten Fiscal Years\***

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

Expenses	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Governmental activities:								
General government	\$ 2,154	\$ 2,393	\$ 2,755	\$ 2,971	\$ 3,789	\$ 4,341	\$ 4,903	\$ 4,925
Public safety	5,134	5,311	5,976	6,117	6,560	7,662	9,435	10,598
Public works and streets	2,030	2,144	2,920	8,969	9,856	11,423	11,099	13,447
Culture/Recreation	3,096	2,188	2,556	2,782	2,905	3,086	3,563	3,610
Interest on long term debt	<u>1,874</u>	<u>1,844</u>	<u>1,877</u>	<u>1,997</u>	<u>2,132</u>	<u>2,504</u>	<u>3,005</u>	<u>3,537</u>
Total governmental activities expenses	<u>14,287</u>	<u>13,881</u>	<u>16,084</u>	<u>22,836</u>	<u>25,243</u>	<u>29,017</u>	<u>32,005</u>	<u>36,118</u>
Business-type expenses:								
Water and wastewater	6,775	9,007	10,360	12,539	15,390	16,467	18,016	16,211
Solid waste	<u>994</u>	<u>892</u>	<u>1,021</u>	<u>1,224</u>	<u>1,734</u>	<u>2,328</u>	<u>2,816</u>	<u>3,273</u>
Total business-type expenses	<u>7,770</u>	<u>9,899</u>	<u>11,382</u>	<u>13,762</u>	<u>17,125</u>	<u>18,796</u>	<u>20,832</u>	<u>19,484</u>
Total primary government expenses	<u>\$ 22,057</u>	<u>\$ 23,780</u>	<u>\$ 27,466</u>	<u>\$ 36,598</u>	<u>\$ 42,367</u>	<u>\$ 47,813</u>	<u>\$ 52,836</u>	<u>\$ 55,602</u>
<b>Program Revenues</b>								
Governmental activities:								
Charges for services:								
General government	\$ 1,997	\$ 1,216	\$ 1,701	\$ 1,762	\$ 2,003	\$ 1,557	\$ 837	\$ 539
Public safety	837	1,035	1,013	734	928	1,447	2,710	2,496
Public works and streets	-	-	-	-	-	-	-	-
Culture and recreation	467	573	629	647	709	744	736	791
Operating grants and contributions	275	224	335	255	522	150	87	349
Capital grants and contributions	<u>3,456</u>	<u>6,120</u>	<u>886</u>	<u>3,913</u>	<u>4,469</u>	<u>9,314</u>	<u>3,918</u>	<u>3,275</u>
Total governmental activities program revenues	<u>7,032</u>	<u>9,168</u>	<u>4,563</u>	<u>7,312</u>	<u>8,631</u>	<u>13,211</u>	<u>8,290</u>	<u>7,450</u>
Business-type activities:								
Charges for services:								
Water and wastewater	7,451	8,643	10,656	12,372	11,756	15,086	16,287	15,574
Solid waste	917	965	1,023	1,129	1,693	2,388	2,856	3,300
Operating grants and contributions	-	-	-	-	6	-	-	-
Capital grants and contributions	<u>10,135</u>	<u>14,482</u>	<u>4,627</u>	<u>13,911</u>	<u>7,823</u>	<u>4,174</u>	<u>4,403</u>	<u>1,184</u>
Total business-type activities program revenues	<u>18,503</u>	<u>24,090</u>	<u>16,307</u>	<u>27,412</u>	<u>21,278</u>	<u>21,647</u>	<u>23,546</u>	<u>20,058</u>
Total primary government program revenues	<u>\$ 25,535</u>	<u>\$ 33,258</u>	<u>\$ 20,870</u>	<u>\$ 34,724</u>	<u>\$ 29,908</u>	<u>\$ 34,858</u>	<u>\$ 31,836</u>	<u>\$ 27,508</u>

**Changes in Net Assets (cont.)**

	Fiscal Year							
	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Net (expense)/revenue								
Governmental activities:	(7,255)	(4,713)	(11,521)	(15,524)	(16,612)	(15,806)	(23,715)	(28,668)
Business-type activities:	<u>10,733</u>	<u>14,191</u>	<u>4,925</u>	<u>13,649</u>	<u>4,153</u>	<u>2,852</u>	<u>2,714</u>	<u>574</u>
Total primary government net expense	<u>\$ 3,478</u>	<u>\$ 9,478</u>	<u>\$ (6,596)</u>	<u>\$ (1,874)</u>	<u>\$ (12,459)</u>	<u>\$ (12,955)</u>	<u>\$ (21,000)</u>	<u>\$ (28,094)</u>
<b>General Revenues and Other Changes in Net Assets</b>								
Governmental activities:								
Taxes								
Property taxes	\$ 7,443	\$ 7,814	\$ 8,388	\$ 9,034	\$ 9,637	\$ 11,753	\$ 15,271	\$ 16,261
Sales taxes	1,176	1,298	1,555	1,745	2,399	2,764	3,213	3,364
Franchise taxes	1,076	1,274	1,333	1,637	1,781	2,131	2,438	2,595
Alcoholic beverage taxes	11	11	11	13	19	30	26	22
Investment earnings	263	391	434	786	931	681	202	86
Other income	99	79	169	151	263	367	187	736
Gain (loss) on sale of capital assets	-	(78)	-	-	1	-	-	9
Transfers	<u>407</u>	<u>450</u>	<u>450</u>	<u>450</u>	<u>450</u>	<u>500</u>	<u>500</u>	<u>500</u>
Total governmental activities	<u>10,474</u>	<u>11,239</u>	<u>12,340</u>	<u>13,815</u>	<u>15,481</u>	<u>18,226</u>	<u>21,837</u>	<u>23,574</u>
Business-type activities:								
Investment earnings	382	300	940	1,246	1,337	720	147	56
Other income	-	-	-	-	-	-	-	50
Gain (loss) on sale of capital assets	-	-	-	-	-	5	-	5
Transfers	<u>(407)</u>	<u>(450)</u>	<u>(450)</u>	<u>(450)</u>	<u>(450)</u>	<u>(500)</u>	<u>(500)</u>	<u>(500)</u>
Total business type activities	<u>(24)</u>	<u>(150)</u>	<u>490</u>	<u>796</u>	<u>887</u>	<u>225</u>	<u>(353)</u>	<u>(389)</u>
Total primary government	<u>\$ 10,450</u>	<u>\$ 11,089</u>	<u>\$ 12,830</u>	<u>\$ 14,611</u>	<u>\$ 16,368</u>	<u>\$ 18,451</u>	<u>\$ 21,484</u>	<u>\$ 23,185</u>
<b>Change in Net Assets</b>								
Governmental activities:	\$ 3,219	\$ 6,526	\$ 819	\$ (1,708)	\$ (1,131)	\$ 2,420	\$ (1,877)	\$ (5,093)
Business-type activities:	<u>10,709</u>	<u>14,041</u>	<u>5,415</u>	<u>14,452</u>	<u>5,040</u>	<u>3,077</u>	<u>2,361</u>	<u>184</u>
Total primary government	<u>\$ 13,928</u>	<u>\$ 20,567</u>	<u>\$ 6,234</u>	<u>\$ 12,743</u>	<u>\$ 3,909</u>	<u>\$ 5,497</u>	<u>\$ 484</u>	<u>\$ (4,909)</u>

\*Note: City of Pflugerville first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

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

	Fiscal Year									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Fund										
Reserved	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Unreserved	<u>5,749</u>	<u>5,645</u>	<u>6,174</u>	<u>6,383</u>	<u>6,560</u>	<u>6,996</u>	<u>8,068</u>	<u>7,838</u>	<u>9,398</u>	<u>7,897</u>
Total general fund	<u>\$ 5,749</u>	<u>\$ 5,645</u>	<u>\$ 6,174</u>	<u>\$ 6,383</u>	<u>\$ 6,560</u>	<u>\$ 6,996</u>	<u>\$ 8,068</u>	<u>\$ 7,838</u>	<u>\$ 9,398</u>	<u>\$ 7,897</u>
All other governmental funds										
Reserved	\$ 7,509	\$ 15,085	\$ 12,869	\$ 8,971	\$ 10,379	\$ 8,740	\$ 2,712	\$ 1,744	\$ 1,723	\$ 2,070
Unreserved, reported in:										
Special revenue funds	145	171	213	155	189	168	260	292	280	371
Capital projects funds	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>7,427</u>	<u>14,863</u>	<u>18,594</u>
Total all other governmental funds	<u>\$ 7,654</u>	<u>\$ 15,256</u>	<u>\$ 13,082</u>	<u>\$ 9,126</u>	<u>\$ 10,568</u>	<u>\$ 8,908</u>	<u>\$ 2,972</u>	<u>\$ 9,463</u>	<u>\$ 16,866</u>	<u>\$ 21,035</u>

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

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales Tax</u>	<u>Franchise Tax</u>	<u>Alcoholic Beverage Tax</u>	<u>Total</u>
2001	\$ 4,854,881	\$ 1,054,421	\$ 844,805	\$ 7,569	\$ 6,761,676
2002	6,072,271	1,123,446	868,966	11,209	8,075,892
2003	7,442,919	1,175,598	1,075,817	10,872	9,705,206
2004	7,814,189	1,298,172	1,273,744	11,120	10,397,225
2005	8,387,958	1,554,752	1,332,645	11,162	11,286,517
2006	9,033,537	1,745,341	1,636,724	12,937	12,428,539
2007	9,637,347	2,398,919	1,781,396	18,522	13,836,184
2008	11,753,499	2,763,666	2,130,589	30,145	16,677,899
2009	15,270,534	3,213,139	2,438,209	26,256	20,948,138
2010	16,261,249	3,363,739	2,595,306	22,286	22,242,580

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

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Revenues</b>								
Taxes	\$ 9,705	\$ 10,379	\$ 11,287	\$ 12,429	\$ 13,796	\$ 16,713	\$ 20,770	\$ 22,268
Licenses and permits	2,023	1,237	1,722	1,674	1,887	1,344	610	588
Intergovernmental	260	668	324	376	739	244	3,492	1,618
Fines	830	1,028	1,012	660	918	921	1,053	1,134
Interest income	263	391	434	786	931	681	202	86
Miscellaneous	565	677	790	1,986	1,154	2,047	3,119	2,891
Total revenues	<u>13,645</u>	<u>14,380</u>	<u>15,568</u>	<u>17,911</u>	<u>19,425</u>	<u>21,951</u>	<u>29,246</u>	<u>28,585</u>
<b>Expenditures</b>								
General government	\$ 1,873	\$ 2,170	\$ 2,470	\$ 2,743	\$ 3,535	\$ 4,184	\$ 4,489	\$ 4,581
Public safety	4,725	4,930	5,519	5,749	6,049	7,368	8,889	9,851
Public works and streets	1,366	1,430	1,843	1,733	2,234	2,682	1,910	1,787
Culture and recreation	1,719	1,886	2,158	2,259	2,453	2,904	3,174	3,226
Capital outlay	3,916	5,463	2,585	7,208	11,791	5,884	11,369	12,545
Debt Service								
Principal	912	1,071	1,068	1,172	1,122	1,219	1,535	1,852
Interest	2,087	1,845	1,883	1,976	2,096	2,411	2,847	3,317
Other Charges	3	5	72	93	193	333	508	502
Total expenditures	<u>16,601</u>	<u>18,799</u>	<u>17,598</u>	<u>22,932</u>	<u>29,474</u>	<u>26,986</u>	<u>34,721</u>	<u>37,661</u>
Excess of revenues over (under) expenditures	\$ (2,956)	\$ (4,420)	\$ (2,030)	\$ (5,021)	\$ (10,049)	\$ (5,035)	\$ (5,475)	\$ (9,076)

**Changes in Fund Balances of Governmental Funds (cont.)**

	Fiscal Year							
	2003	2004	2005	2006	2007	2008	2009	2010
<b>Other financing sources (uses)</b>								
Transfers in	\$ 1,041	\$ 493	\$ 450	\$ 450	\$ 450	\$ 545	\$ 500	\$ 507
Transfers out	(634)	(43)	-	-	-	(45)	-	(7)
Bonds issued	713	-	3,000	3,400	4,785	10,315	14,500	14,382
Premium on bonds issued	-	-	92	83	-	111	-	43
Discount on bonds issued	-	-	-	-	(50)	-	(154)	(97)
Payment to bond refunding escrow agent	-	-	-	-	-	-	-	(2,902)
Capital leases	230	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	-	-	6	6	29
Sale of capital assets	6	123	6	-	-	1	7	9
Total other financing sources (uses)	<u>1,356</u>	<u>573</u>	<u>3,548</u>	<u>3,933</u>	<u>5,185</u>	<u>10,933</u>	<u>14,859</u>	<u>11,964</u>
Net change in fund balances	<u>\$ (1,600)</u>	<u>\$ (3,846)</u>	<u>\$ 1,518</u>	<u>\$ (1,088)</u>	<u>\$ (4,863)</u>	<u>\$ 5,898</u>	<u>\$ 9,384</u>	<u>\$ 2,889</u>
Capital Outlay including amounts reported								
under departmental expenditures	\$ 2,410	\$ 5,366	\$ 2,025	\$ 7,229	\$ 11,471	\$ 6,259	\$ 11,211	\$ 12,232
Debt service as a percentage								
of noncapital expenditures	21.1%	21.7%	18.9%	20.0%	17.9%	17.5%	18.6%	20.3%

\*Note: City of Pflugerville first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

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

Fiscal Year	Real Property			Less:		Total Taxable Assessed Value	Percent of Growth in Assessed Value	Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percentage of Actual Value
	Residential Property	Commercial Property	Personal Property	Tax Exempt Real Property						
2001	\$ 679,913,204	\$ 59,277,666	\$ 64,117,665	\$ 41,984,864	\$ 761,323,671	20.88%	0.6424	\$ 761,323,671	100.0%	
2002	873,205,133	72,077,850	75,094,841	55,797,833	964,579,991	26.70%	0.6299	964,579,991	100.0%	
2003	1,062,466,204	84,508,236	82,176,423	54,091,193	1,175,059,670	21.82%	0.6299	1,175,059,670	100.0%	
2004	1,068,663,126	92,124,535	82,207,828	41,650,008	1,201,345,481	2.24%	0.6417	1,201,345,481	100.0%	
2005	1,166,280,570	96,456,406	88,640,105	40,926,253	1,310,450,828	9.08%	0.6400	1,310,450,828	100.0%	
2006	1,168,015,150	187,317,196	94,638,373	41,254,216	1,408,716,503	7.50%	0.6350	1,408,716,503	100.0%	
2007	1,278,169,940	230,674,602	81,940,510	74,871,477	1,515,913,575	7.61%	0.6240	1,515,913,575	100.0%	
2008	1,601,403,371	302,185,148	79,775,407	90,922,779	1,892,441,147	24.84%	0.6190	1,892,441,147	100.0%	
2009	2,000,762,235	483,463,819	179,109,976	174,166,430	2,489,169,600	31.53%	0.6140	2,489,169,600	100.0%	
2010	2,180,612,058	538,457,480	198,209,982	293,270,168	2,624,009,352	5.42%	0.6090	2,624,009,352	100.0%	

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

Fiscal Year	City of Pflugerville			Travis County			Pflugerville Independent School District			Travis County Emergency Services District #2			Travis County Hospital District <sup>1</sup>	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		
2001	0.4291	0.2133	0.6424	0.3760	0.0910	0.4670	1.4700	0.1000	1.5700	0.1000	0.0000	0.1000	0.0000	2.7794
2002	0.4218	0.2081	0.6299	0.3546	0.0914	0.4460	1.5000	0.2900	1.7900	0.1000	0.0000	0.1000	0.0000	2.9659
2003	0.3986	0.2313	0.6299	0.3626	0.1034	0.4660	1.5000	0.3500	1.8500	0.1000	0.0000	0.1000	0.0000	3.0459
2004	0.4175	0.2242	0.6417	0.3926	0.0992	0.4918	1.5000	0.3500	1.8500	0.1000	0.0000	0.1000	0.0000	3.0835
2005	0.4372	0.2028	0.6400	0.3850	0.1022	0.4872	1.5000	0.3500	1.8500	0.1000	0.0000	0.1000	0.0779	3.1551
2006	0.4199	0.2151	0.6350	0.3994	0.0999	0.4993	1.5000	0.3500	1.8500	0.1000	0.0000	0.1000	0.0779	3.1622
2007	0.4125	0.2115	0.6240	0.3623	0.0876	0.4499	1.3600	0.3200	1.6800	0.0919	0.0081	0.1000	0.0734	2.9273
2008	0.4236	0.1954	0.6190	0.3405	0.0811	0.4216	1.0400	0.4300	1.4700	0.0906	0.0094	0.1000	0.0693	2.6799
2009	0.4371	0.1769	0.6140	0.3394	0.0728	0.4122	1.0400	0.4200	1.4600	0.0937	0.0063	0.1000	0.0679	2.6541
2010	0.4114	0.1976	0.6090	0.3517	0.0698	0.4215	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0674	2.6579

\* O & M: Operations and Maintenance.

<sup>1</sup> The Travis County Hospital District was created in 2004.

Source: Travis Central Appraisal District

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
<b><u>Water Rates</u></b>										
Base Charge	\$ 8.15	\$ 8.15	\$ 11.00	\$ 12.45	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68	\$ 13.68
Usage:										
0 - 12,000 gallons								\$ 4.35	\$ 4.35	\$ 4.35
0 - 15,000 gallons	\$ 2.68	\$ 2.68	\$ 3.62	\$ 4.10	\$ 4.51	\$ 4.51	\$ 4.51			
15,001 - 20,000 gallons	\$ 2.73	\$ 2.73	\$ 3.68	\$ 4.17	\$ 4.59	\$ 4.59	\$ 4.59			
12,000 - 26,000 gallons								\$ 4.61	\$ 4.61	\$ 4.61
20,001 - 25,000 gallons	\$ 2.79	\$ 2.79	\$ 3.77	\$ 4.27	\$ 4.70	\$ 4.70	\$ 4.70			
25,001 - 30,000 gallons	\$ 2.84	\$ 2.84	\$ 3.83	\$ 4.34	\$ 4.78	\$ 4.78	\$ 4.78			
26,001 + gallons								\$ 4.73	\$ 4.73	\$ 4.73
30,001 - 35,000 gallons	\$ 2.89	\$ 2.89	\$ 3.90	\$ 4.42	\$ 4.86	\$ 4.86	\$ 4.86			
35,001 - 40,000 gallons	\$ 2.95	\$ 2.95	\$ 3.98	\$ 4.51	\$ 4.96	\$ 4.96	\$ 4.96			
40,001 - 45,000 gallons	\$ 3.00	\$ 3.00	\$ 4.05	\$ 4.59	\$ 5.05	\$ 5.05	\$ 5.05			
45,000 + gallons	\$ 3.05	\$ 3.05	\$ 4.12	\$ 4.67	\$ 5.14	\$ 5.14	\$ 5.14			
<b><u>Wastewater Rates</u></b>										
Base (4,000 gallons)	\$ 13.20	\$ 13.20	\$ 15.00	\$ 16.95	\$ 18.50	\$ 18.50	\$ 18.50			
Base (3,000 gallons)								\$ 18.50	\$ 18.50	\$ 18.50
Usage per 1,000 gallons	\$ 3.00	\$ 3.00	\$ 3.00	\$ 3.40	\$ 3.72	\$ 3.72	\$ 3.72	\$ 3.51	\$ 3.51	\$ 3.51
City average (new customers)	\$ 19.16	\$ 26.81	\$ 28.61	\$ 34.17	\$ 33.63	\$ 33.63	\$ 24.76	\$ 27.65	\$ 30.61	\$ 26.04

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

Wastewater rates are based on the customer's winter water usage (the lowest three winter months of November, December, January and February). New customers start with the City average until their own rate is established. The number of gallons included in the base rate changed from 4,000 to 3,000 in FY 08.

Source: Utility Billing Department

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

Taxpayer	2010			2001		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value
A-S 93 SH130 - SH45, L.P.	\$ 47,924,207	1	1.70%	\$ -	-	-
SCA 115 Swenson LLC	20,991,600	2	0.75%	-	-	-
Oncor Electric Delivery Company	20,504,130	3	0.73%	-	-	-
Target Corporation	20,484,582	4	0.73%	-	-	-
Pflugerville Covington	19,900,000	5	0.71%	-	-	-
Wal-Mart Real Estate Business Trust	15,432,733	6	0.55%	-	-	-
Timmerman Terrell	13,559,609	7	0.48%	-	-	-
Home Depot	13,192,174	8	0.47%	-	-	-
Verde Meister Lane LP	12,402,723	9	0.44%	-	-	-
Terrabrook Falcon Point LP	11,041,995	10	0.39%	-	-	-
Texas Electric Utilities	-	-	-	8,952,530	1	1.18%
Southwestern Bell Telephone	-	-	-	8,696,870	2	1.14%
Hobbs & Curry Family LP	-	-	-	4,485,000	3	0.59%
KO Limited Partnership	-	-	-	4,427,554	4	0.58%
Albertsons, Inc.	-	-	-	4,175,000	5	0.55%
Rapid Freight	-	-	-	3,594,800	6	0.47%
Sun Communities Texas Limited	-	-	-	3,448,779	7	0.45%
Austin Skyview Limited Partner	-	-	-	3,400,000	8	0.45%
Heatherwilde Group Limited	-	-	-	3,265,240	9	0.43%
Blackhawk Golf Club	-	-	-	3,229,741	10	0.42%
	<u>\$195,433,753</u>		<u>6.95%</u>	<u>\$ 47,675,514</u>		<u>6.26%</u>

Source:  
Travis Central Appraisal District

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

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<u>Fiscal Year</u>	<u>Water</u>		<u>Wastewater</u>	
	<u>Water Customers</u>	<u>Percentage of Change</u>	<u>Wastewater Customers</u>	<u>Percentage of Change</u>
2001	6,314	10.9%	5,665	11.6%
2002	6,711	6.3%	6,150	8.6%
2003	7,159	6.7%	7,792	26.7%
2004	7,934	10.8%	8,557	9.8%
2005	8,707	9.7%	9,417	10.1%
2006	9,821	12.8%	10,618	12.8%
2007	10,721	9.2%	11,560	8.9%
2008	11,293	5.3%	12,220	5.7%
2009	11,731	3.9%	12,670	3.7%
2010	12,154	3.6%	13,076	3.2%

Source: Utility Billing department.

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

<u>Fiscal Year</u>	<u>Total Tax Levy for the Fiscal Year<sup>1</sup></u>	<u>Collected within the fiscal year of the Levy</u>		<u>Tax Collections in Subsequent Years</u>	<u>Total Tax Collections</u>	<u>Total Collections as a Percent of Levy</u>
		<u>Amount</u>	<u>Percent of Levy</u>			
2001	\$ 4,891,657	\$ 4,841,576	98.98%	\$ 17,309	\$ 4,858,885	99.33%
2002	6,088,444	6,069,663	99.69%	10,272	6,079,935	99.86%
2003	7,412,826	7,393,750	99.74%	8,125	7,401,875	99.85%
2004	7,687,132	7,594,512	98.80%	80,742	7,675,254	99.85%
2005	8,389,615	8,332,240	99.32%	48,925	8,381,165	99.90%
2006	8,937,150	8,845,096	98.97%	82,827	8,927,923	99.90%
2007	9,451,101	9,325,408	98.67%	111,671	9,437,079	99.85%
2008	11,702,010	11,616,369	99.27%	48,932	11,665,300	99.69%
2009	15,268,751	14,952,362	97.93%	254,204	15,206,565	99.59%
2010	15,964,196	16,063,222	100.62%	-	16,063,222	100.62%

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

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<u>Fiscal Year</u>	<u>Water Revenue</u>	<u>Wastewater Revenue</u>
2001	\$ 2,665,037	\$ 1,810,085
2002	3,142,447	1,951,467
2003	4,571,123	2,808,337
2004	5,066,529	3,378,275
2005	6,170,733	3,860,475
2006	7,837,349	4,178,359
2007	7,257,419	4,408,475
2008	9,831,538	4,990,730
2009	10,752,853	5,338,220
2010	10,304,179	5,269,972

Source: City Financial Reports

**City of Pflugerville**

**Ratios of Outstanding Debt by Type**

**Last Ten Fiscal Years\***

**(amounts expressed in thousands, except per capita amount)**

Fiscal Year	Governmental Activities				Business-Type Activities						Total Primary Government Debt	Percentage of Personal Income <sup>2</sup>	Per Capita
	General Obligation Bonds <sup>1</sup>	Certificates of Obligation	Refunding Bonds	Capital Leases	Water Revenue Bonds	Water Certificates of Obligation	Wastewater Revenue Bonds	Wastewater Certificates of Obligation	Refunding Bonds	Capital Leases			
2003	\$ 17,970	\$ 17,571	\$ -	\$ 889	\$ 4,121	\$ 20,897	\$ 2,431	\$ 4,458	\$ -	\$ 892	\$ 69,227	10.76%	\$2,822
2004	17,495	17,190	-	653	4,043	43,133	2,087	8,721	-	390	93,711	13.68%	3,589
2005	17,155	19,620	-	572	3,958	47,850	1,717	16,668	-	74	107,614	14.44%	3,787
2006	16,780	22,379	-	-	3,653	47,217	1,568	29,341	-	-	120,938	14.71%	4,179
2007	16,425	26,361	-	-	3,347	47,044	1,414	28,590	-	-	123,181	12.23%	3,473
2008	16,065	35,817	-	-	3,041	46,485	1,256	28,138	-	-	130,801	11.01%	3,128
2009	18,700	46,147	-	-	2,715	45,905	1,085	27,683	-	-	142,235	10.56%	3,000
2010	15,765	55,687	2,881	-	-	45,303	-	33,765	2,639	-	156,040	10.80%	3,069

Source: City Financial Reports

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

<sup>2</sup> See the Demographics Statistics on page 86 for personal income and population data.

\*Note: City of Pflugerville first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

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

<b>Fiscal Year</b>	<b>General Obligation Bonds</b>	<b>Certificates of Obligation</b>	<b>Refunding Bonds</b>	<b>Less: Amounts Available in Debt Service Fund</b>	<b>Total</b>	<b>Percentage of Estimated Actual Taxable Value of Property</b>	<b>Per Capita</b>
2003	\$ 17,970	\$ 17,571	\$ -	\$ 1,279	\$ 34,262	2.92%	\$ 1,397
2004	17,495	17,190	-	1,420	33,265	2.77%	1,274
2005	17,155	19,620	-	1,330	35,445	2.70%	1,247
2006	16,780	22,379	-	1,448	37,711	2.68%	1,303
2007	16,425	26,361	-	1,592	41,194	2.72%	1,161
2008	16,065	35,817	-	1,744	50,138	2.65%	1,199
2009	18,700	46,147	-	1,723	63,124	2.54%	1,331
2010	15,765	55,687	2,881	2,070	72,263	2.75%	1,421

\*Note: City of Pflugerville first applied GASB Statement No. 34 in fiscal year 2003; therefore, government-wide financial information for years prior to fiscal year 2003 is not available.

**City of Pflugerville**  
**Direct and Overlapping Governmental Activities Debt**  
**September 30, 2010**

<u>Taxing Body</u>	<u>Debt Outstanding<sup>1</sup></u>	<u>Estimated Percentage Applicable<sup>2</sup></u>	<u>Taxable Assessed Property Value<sup>3</sup></u>	<u>Estimated Share of Overlapping Debt</u>
<b>Estimated Overlapping Debt:</b>				
Travis County MUD #15	\$ 5,570,000	100.00%	\$ 157,333,527	\$ 5,570,000
Travis County E.S.D. #2	2,110,000	44.00%	5,938,955,273	928,400
Pflugerville I.S.D.	358,634,973	37.82%	6,937,637,097	135,635,747
North East Travis County Utility District	16,505,000	3.20%	148,686,797	528,160
Travis County	605,679,987	2.74%	95,361,349,747	16,595,632
Williamson County	<u>760,919,942</u>	0.03%	33,674,005,553	<u>228,276</u>
Total estimated overlapping debt	<u>1,749,419,902</u>	9.12%	142,217,967,994	<u>159,486,214</u>
<b>Direct Debt - City of Pflugerville</b>	<u>74,333,545</u>	100.00%	2,624,009,352	<u>74,333,545</u>
<b>Direct and Estimated Overlapping Debt</b>	<u><b>\$ 1,823,753,447</b></u>			<u><b>\$ 233,819,759</b></u>

**Sources:**

<sup>1</sup> This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/10), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

<sup>2</sup> The percentage of overlapping debt applicable is estimated using taxable property values.

<sup>3</sup> Individual taxing bodies and Travis Central Appraisal District.

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

	Fiscal Year									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
Debt Limit	\$ 11,419,855	\$ 14,468,700	\$ 17,625,895	\$ 18,020,182	\$ 19,656,762	\$ 21,130,748	\$ 22,738,704	\$ 28,386,617	\$ 37,337,544	\$ 39,360,140
Total net debt applicable to limit	1,615,578	1,966,603	2,726,517	2,678,867	2,771,049	2,993,496	3,208,483	3,646,665	4,415,609	5,169,326
Legal debt margin	<u>\$ 9,804,277</u>	<u>\$ 12,502,097</u>	<u>\$ 14,899,378</u>	<u>\$ 15,341,315</u>	<u>\$ 16,885,713</u>	<u>\$ 18,137,252</u>	<u>\$ 19,530,221</u>	<u>\$ 24,739,953</u>	<u>\$ 32,921,935</u>	<u>\$ 34,190,814</u>
Total net debt applicable to the limit as a percentage of debt limit	14.15%	13.59%	15.47%	14.87%	14.10%	14.17%	14.11%	12.85%	11.83%	13.13%

**Legal Debt Margin Calculation for Fiscal Year 2010**

Assessed Value	\$ 2,624,009,352
Add Back: exempt property	-
Total Assessed Value	<u>\$ 2,624,009,352</u>
Debt limit (\$1.50 per \$100 of assessed valuation)	\$ 39,360,140
2010 Annual debt service applicable to limit:	
General obligation - principal	\$ 1,852,440
General obligation - interest	<u>3,316,886</u>
Legal debt margin	<u>\$ 34,190,814</u>

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

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

<u>Fiscal Year</u>	<u>Gross Water and Wastewater Revenues</u>	<u>Operating Expenses (1)</u>	<u>Net Revenue Available for Debt Service</u>	<u>Debt Service Requirements</u>			
				<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Coverage</u>
2001	\$ 7,393,683	\$ 4,377,850	\$ 3,015,833	\$ 453,500	\$ 1,162,078	\$ 1,615,578	1.87
2002	7,088,851	3,909,563	3,179,288	585,000	1,391,604	1,976,604	1.61
2003	7,833,202	4,283,877	3,549,325	399,000	1,411,464	1,810,464	1.96
2004	8,943,096	5,633,921	3,309,175	568,500	2,422,749	2,991,249	1.11
2005	11,596,502	6,343,575	5,252,927	604,960	1,518,530	2,123,490	2.47
2006	13,624,833	6,648,456	6,976,377	906,765	3,771,458	4,678,223	1.49
2007	13,099,308	7,430,813	5,668,495	1,419,620	3,979,306	5,398,926	1.05
2008	15,805,791	9,043,303	6,762,488	1,476,065	3,924,669	5,400,734	1.25
2009	16,433,947	10,512,444	5,921,503	1,531,495	3,865,753	5,397,248	1.10
2010	15,679,741	8,657,206	7,022,535	1,603,560	3,982,815	5,586,375	1.26

(1) Excludes depreciation expense

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

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<b>Fiscal Year</b>	<b>Population <sup>1</sup></b>	<b>School Enrollment <sup>2</sup></b>	<b>Total Personal Income <sup>3</sup></b>	<b>Personal Income Per Capita <sup>4</sup></b>	<b>Unemployment Rate <sup>5</sup></b>
2001	19,992	13,828	\$ 524,310,192	\$ 26,226	4.30
2002	21,738	14,422	570,100,788	26,226	5.80
2003	24,527	14,990	643,245,102	26,226	5.90
2004	26,111	16,575	684,787,086	26,226	5.10
2005	28,416	18,703	745,238,016	26,226	4.40
2006	28,939	19,696	821,954,417	28,403	4.10
2007	35,468	19,850	1,007,397,604	28,403	3.70
2008	41,817	19,696	1,187,728,251	28,403	4.70
2009	47,417	21,288	1,346,785,051	28,403	7.20
2010	50,850	22,871	1,444,292,550	28,403	6.80

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

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

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

<sup>4</sup> 2000-2005 Personal Income per capita from the 2000 U.S. Census Bureau Demographic Profile, based on 1999 dollars.

2006-2010 Personal Income per capita from the 2005-2009 U.S. Census Bureau Demographic Profile.

<sup>5</sup> Austin-Round Rock Metropolitan Statistical Area, obtained from the U.S. Department of Labor, Bureau of Labor Statistics.

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

<b>2010</b>			<b>2001</b>	
<b>Employers</b>	<b>Employees</b>	<b>Percentage of Total City Employment</b>	<b>Employers</b>	<b>Employees</b>
Pflugerville ISD	1,351	24.3%	Pflugerville ISD	1,307
WalMart	325	5.9%	Tandem Computers	600
City of Pflugerville	284	5.1%	Radian Corporation	420
HEB	200	3.6%	Rolm Industries	300
Target	200	3.6%	HEB	225
Avant Technologies	133	2.4%	Tremetrics	150
Home Depot	125	2.3%	Albertsons	116
Austin Foam Plastics	124	2.2%	Pflugerville Care Center	85
Air Craft, Inc	100	1.8%	Austron	71
Advanced Integration Technologies	83	1.5%	Syntecc Corporation	70
<b>Total</b>	<b>2,925</b>	<b>53%</b>	<b>Total</b>	<b>3,344</b>

Notes: 2001 Data includes the greater Pflugerville area.  
Percentage of total employment not available for 2001 and 2010 is estimated by the Finance Department.

Sources:  
Pflugerville Community Development Corporation (Current Year)  
Official Statement, Waterworks and Sewer System Revenue Bonds, Series 2001, Appendix A

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

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<u>Fiscal Year</u>	<u>Water Customers</u>				<u>Wastewater Customers</u>			
	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>	<u>Residential</u>	<u>Commercial</u>	<u>Other</u>	<u>Total</u>
2001	6,116	136	62	6,314	5,558	87	20	5,665
2002	6,482	160	69	6,711	6,033	95	22	6,150
2003	6,899	185	75	7,159	7,643	123	26	7,792
2004	7,633	224	77	7,934	8,397	132	28	8,557
2005	8,376	246	85	8,707	9,253	136	28	9,417
2006	9,443	283	95	9,821	10,445	139	34	10,618
2007	10,273	267	104	10,644	11,363	159	38	11,560
2008	10,875	301	117	11,293	12,007	172	41	12,220
2009	11,281	317	133	11,731	12,436	190	44	12,670
2010	11,695	323	136	12,154	12,835	195	46	13,076

Source: Utility Billing Department

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

<u>Function</u>	<u>Fiscal Year</u>									
	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
General Government	10	11	12	13	14	15	20	24	22.5	21.5
Fleet	0	0	0	2	2	2	3	3	3	3.5
Building Inspection	6	8	8	8	8	7	8	8	8	8
Planning & Development	4.5	5	5	5	5	5.38	6.38	7.38	7.4	7.5
Engineering	5	3.5	6	5	6	6	5	5	6	6
Streets	13.5	16.75	12.75	10.75	15	16	19	21	21	21
Water	17.5	17	15	16.5	18.5	18.5	18.5	18	18	18.75
Wastewater	12	12	13.5	15.5	15.5	15.5	16	18.5	18.5	18.75
Library	8.5	8	9	8.5	8.51	9	11	12.2	12	12.2
Parks & Recreation										
Full Time	15	15.5	21.5	22.5	20	20	23.5	27.5	31.5	32
Seasonal	10	11	15.5	24.5	24.5	27.5	27.75	28.25	28.75	28.75
Police Services										
Officers	46	44	45	48	51	55	58.5	68.5	87.5	92.5
Civilians	12	13.5	14	14.67	15	16	18.5	20.5	23.5	24.5
Municipal Court	2	3	3	3.33	4	4	5	5	5	5
<b>Total Employees</b>	<b>162.0</b>	<b>171.25</b>	<b>183.25</b>	<b>200.75</b>	<b>207.01</b>	<b>220.88</b>	<b>240.13</b>	<b>266.83</b>	<b>292.65</b>	<b>299.95</b>

Source: City of Pflugerville Budget

**City of Pflugerville**  
**Operating Indicators by Function**  
**Last Ten Fiscal Years\***

Function	Fiscal Year									
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	
Building Inspection										
Residential Permits	466	504	635	693	891	566	262	386	379	
Commercial Permits	19	5	12	7	9	45	58	45	32	
Inspections Performed	18,413	21,501	28,764	30,974	42,199	29,603	12,437	13,802	13,552	
Engineering										
Construction Plans Reviewed	96	102	102	99	100	105	75	15	10	
Construction Inspections	11,584	15,000	15,000	16,500	17,400	17,100	16,954	11,700	9,040	
Fleet										
Vehicle Inspections	37	53	53	75	87	115	113	130	116	
Library										
Library Visits (000)	64	67	70	105	155	161	159	162	165	
Items Circulated (000)	106	135	150	183	212	216	215	253	283	
Municipal Court										
Cases Filed	8,719	9,418	11,947	11,611	10,060	9,949	13,064	16,172	13,988	
Warrants Issued	2,929	2,624	4,921	2,170	7,405	4,854	4,026	5,658	5,926	
Parks & Recreation										
Recreation Center Members	3,839	4,040	4,365	5,281	5,314	6,682	3,969	1,657	1,710	
Facilities Reservations	749	923	780	1,045	455	339	486	525	525	
Recreation Program Participants	1,384	1,462	1,430	1,300	1,515	1,663	2,714	2,629	2,670	
Planning & Development										
Single Family Lots Reviewed	4,213	4,000	3,400	4,362	3,000	2,628	720	230	2,445	
Subdivision Plat Applications	33	40	53	43	31	50	58	21	17	
Zoning Applications	17	20	9	8	15	20	25	16	10	

**Operating Indicators by Function (continued)**

Function	Fiscal Year								
	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
Police Services									
Citations Issued	3,373	7,835	10,152	11,204	8,258	8,727	11,352	14,527	12,367
Arrests									
Felony	147	170	152	166	170	278	252	242	255
Misdemeanor	1,525	1,706	1,456	1,400	1,502	1,988	2,613	2,856	2,453
Calls for Service	21,098	22,000	28,417	34,113	38,915	37,766	44,423	55,032	60,746
Streets									
Miles of Streets Maintained	97	107	123	133	136	157	178	181	183
Water									
New Connections	543	597	708	730	815	814	644	442	424
Water Main Breaks	4	3	1	4	4	8	7	4	3
Average Daily Usage (MGD)	2.90	3.35	2.55	3.29	3.62	3.85	4.97	5.42	5.29
Wastewater									
Average Daily Flow (MGD)	1.68	1.82	2.55	2.40	2.28	3.07	3.02	2.94	3.71
Wastewater Treated (MG)	613	665	931	878	834	1,120	1,101	1,072	1,351
Blockages Cleared	73	83	115	84	116	76	73	95	76

\* Indicators are not available for functions prior to 2002.

• Families are now counted as one member

Sources: Various government departments

**City of Pflugerville  
Capital Assets by Function  
Last Ten Fiscal Years\***

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	
Fleet										
Fleet Vehicles	61	73	79	111	116	130	143	160	167	
Library										
Libraries	1	1	1	1	1	1	1	1	1	
Library (sq ft)	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	12,500	
Books (000)	34	39	43	51	44	51	56	56	60	
Parks & Recreation										
Parks	15	15	18	21	23	24	24	25	28	
Park Acreage	268	268	351	400	475	485	495	520	617	
Swimming Pools	1	1	2	2	2	2	2	3	3	
Recreation Centers	1	1	1	1	1	1	1	1	1	
Recreation Center (sq ft)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	
Miles of Trails	5	8.75	10.75	13.75	17	19	20	25	27	
Police Services										
Stations	1	1	1	1	1	1	1	1	1	
Streets										
Streets (miles)	96.6	107	123	133	136	157	178	181	183	
Traffic Signals	3	4	5	5	5	6	7	8	8	
Water										
Surface Water Treatment Plant	0	0	0	0	0	1	1	1	1	
Capacity (MGD)	0	0	0	0	0	15.5	15.5	15.5	15.5	
Surface Water Reservoir (acres)	0	0	0	0	180	180	180	180	180	
Water lines (miles)	88	98	105	110	135	159	163	165	168	
Wells in Operation	4	4	3	3	3	3	3	3	3	
Wastewater										
Wastewater lines (miles)	87.6	96.2	120.8	125	125	138	140	142	180	
Wastewater Treatment Plants	1	1	2	2	2	2	2	2	2	
Capacity (MGD)	3.0	3.0	3.3	3.3	3.3	5.6	5.6	5.6	5.6	

\*Data for all capital assets not available prior to fiscal year 2002.

Sources: Various government departments.