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# PFLUGERVILLE
TEXAS

# COMPREHENSIVE ANNUAL FINANCIAL REPORT

## FOR THE YEAR ENDED SEPTEMBER 30, 2011

*On the cover . . .*

A collage of various images that illustrate the services, provided by the City of Pflugerville, as well as the cultural and recreational activities sponsored by the City.

A calendar of all City events and activities can be accessed at www.pflugervilletx.gov.

# CITY OF PFLUGERVILLE, TEXAS

## COMPREHENSIVE ANNUAL FINANCIAL REPORT

**For the fiscal year ended**

**September 30, 2011**

Prepared by

Finance Department

where quality meets life

PFLUGERVILLE

TEXAS

**City of Pflugerville, Texas**
**Comprehensive Annual Financial Report**
**Year Ended September 30, 2011**

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**City of Pflugerville, Texas**
**Comprehensive Annual Financial Report**
**Year Ended September 30, 2011**

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# INTRODUCTORY SECTION

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March 8, 2012

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, 2011, 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, 2011.

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, 2011. 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 16,335 citizens in 2000 to an estimated 50,387 citizens in 2011. 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 (PCDC) 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 2011 with the opening of a movie theater and a large nationally recognized fitness center.

***Long-term financial planning***

At the end of FY 2011, the unassigned fund balance in the general fund was 37.4% 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. The reduction of this balance will be enhanced with the migration of general fund revenues in excess of budget to the City's new general capital reserve. These reserve funds are committed for one-time expenditures, separately approved by the City Council.

In 2010 the City Council approved an update of the City's Comprehensive Plan. The Comprehensive Plan is the principal guide for use in the daily planning decisions regarding growth, development, and regulation of current and future development within the city limits of the City and its extra-territorial jurisdiction (ETJ). The plan is anticipated to guide the City's development through the next 20 years.

### *Major initiatives*

Utility Expansions. During 2011 the City of Pflugerville completed a water transmission line to provide additional service to commercial and residential developments within the City limits. This project was funded with available reserves in the utility fund. In addition, installation began on a 141 kw solar array at the City's Water Treatment plant. This project is funded through grants from the American Recovery and Reinvestment Act (ARRA) through the State Energy Conservation Office (SECO) and ONCOR. An analysis of the 2010 utility rate review indicated no change will be necessary to utility rates through 2015; however, an annual review of the rates will be conducted to allow for changes in debt levels and customer base.

General Fund Projects. The expansion of the City of Pflugerville Community Library continued with design of the facility. Construction will begin during fiscal year 2012. This project is financed through General Obligation bonds approved by the voters in 2008.

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. Commercial outlets in the Stone Hill Town Center development (at the intersection of State Highway 130 and State Highway 45) continue to increase. During FY 2011 Cinemark and 24 Hour Fitness completed construction on new facilities. A St. David's emergency 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. In addition, the development is anticipating restaurants for 2012 and plans for multi-family housing on this site is being designed with construction expected to begin during 2012.

Economic development efforts are also focused on job growth. In 2012, the City will become home to one of the six state-wide Texas Department of Public Safety "megacenters" for drivers' license renewals. In addition, groundbreaking is anticipated during 2012 on a multi-phase data center complex.

### *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, 2010. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA Award for Outstanding Achievement in Popular Financial Reporting for its summary financial document for the fiscal year ended September 30, 2010. In order to apply for the Popular Financial Reporting Award, the government must first have received the Certificate Achievement for Excellence in Financial Reporting.

The government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2010. 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

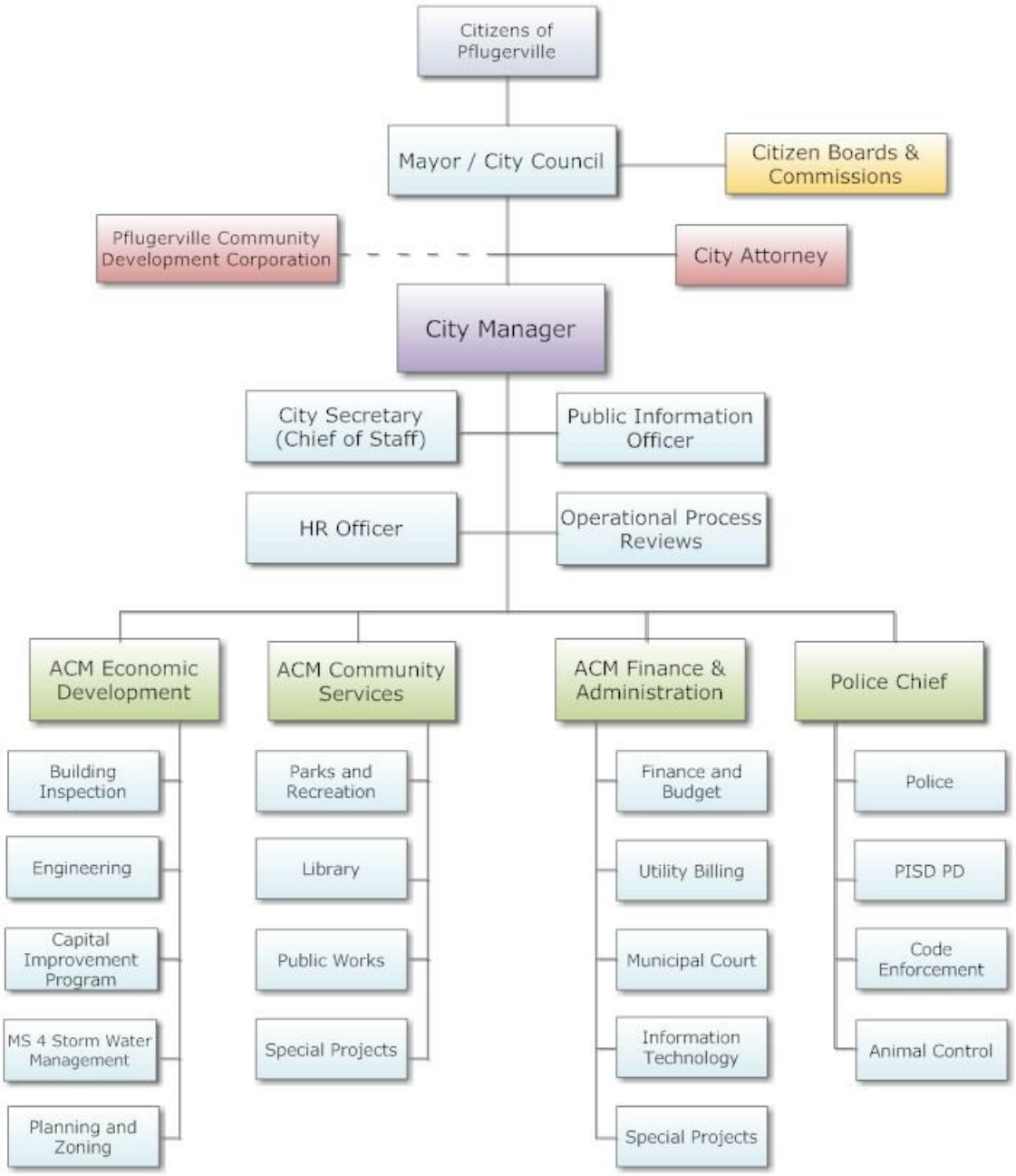
For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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, 2011

## Elected Officials

### City Council
### Three-Year Terms

| Name | Term Expires |
|---|---|
| Jeff Coleman, Mayor | November 2013 |
| Victor Gonzales, Mayor Pro Tem, Place 5 | November 2012 |
| Wayne Cooper, Place 1 | November 2013 |
| Brad Marshall, Place 2 | November 2014 |
| Darelle White, Place 3 | November 2012 |
| Starlet Sattler, Place 4 | November 2014 |

### City Staff

| Position | Name |
|---|---|
| City Manager | Brandon Wade |
| Assistant City Manager | Lauri Gillam |
| Assistant City Manager | Trey Fletcher |
| Assistant City Manager | Tom Word |
| Police Chief | Chuck Hooker |
| City Secretary | Karen Thompson |
| Public Information Officer | Terri Waggoner |
| Human Resources Officer | Dennis O'Neill |

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# FINANCIAL SECTION

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325.672.4000 / 800.588.2525 / f: 325.672.7049
www.dkcpa.com

# REPORT OF INDEPENDENT AUDITORS

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, 2011, 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 opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. 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 opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit and each major fund of the City of Pflugerville, Texas, as of September 30, 2011, 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 February 27, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 15 through 24 and 62 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 as a whole. 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 in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

Davis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 27, 2012

# 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, 2011. 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, 2011, by $242,360,199 (net assets). Of this amount, $21,710,644 (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 $28,615,384 a decrease of $316,774 in comparison with the prior year. The major factor in the reduction of fund balance is the expenditure of bond funds for capital projects.

- At the end of the 2010-2011 fiscal year, unassigned fund balance for the general fund was $6,844,295 or 37.3% 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 2011 that amount was $4.58 million.

- The City of Pflugerville's total debt increased by $3,080,000 (1.9%) during the current fiscal year. The key factor in this increase was the issuance of $4,130,000 in combination tax and revenue certificates of obligation to fund infrastructure purchases; $2,000,000 in general obligation bonds to fund the Library expansion; and $15,780,000 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 40-60.

**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 62.

## 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 | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Current and other assets | $ 34,347,492 | $ 33,596,271 | $ 25,115,536 | $ 24,454,233 | $ 59,463,028 | $ 58,050,504 |
| Capital assets | 205,170,269 | 205,449,826 | 143,554,828 | 140,855,478 | 348,725,097 | 346,305,304 |
| Total assets | 239,517,761 | 239,046,097 | 168,670,364 | 165,309,711 | 408,188,125 | 404,355,808 |
| Long-term liabilities | 79,060,829 | 74,946,659 | 80,293,287 | 82,028,421 | 159,354,116 | 156,975,080 |
| Other liabilities | 3,929,715 | 3,162,626 | 2,544,095 | 2,234,150 | 6,473,810 | 5,396,776 |
| Total liabilities | 82,990,544 | 78,109,285 | 82,837,382 | 84,262,571 | 165,827,926 | 162,371,856 |
| Net assets: | | | | | | |
| Invested in capital assets, net of related debt | 143,269,085 | 149,792,131 | 69,065,405 | 64,632,713 | 212,334,490 | 214,424,844 |
| Restricted | 1,636,177 | 1,507,785 | 6,678,888 | 7,353,801 | 8,315,065 | 8,861,586 |
| Unrestricted | 11,621,955 | 9,636,896 | 10,088,689 | 9,060,627 | 21,710,644 | 18,697,523 |
| Total net assets | $ 156,527,217 | $ 160,936,812 | $ 85,832,982 | $ 81,047,141 | $ 242,360,199 | $ 241,983,953 |

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

- A portion of the City's net assets, $8,315,065 (3.4%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, $21,710,644, may be used to meet the City's ongoing obligations to citizens and creditors.

- Long-term liabilities in the governmental funds increased due to the issuance of additional debt during FY 2011. Debt was issued to fund the Library expansion, to purchase infrastructure in Stone Hill Town Center, and to replace previous bond issues with lower rate refunding bonds.

- Unrestricted net assets in the proprietary fund increased due to the growth in revenue attributed to water sales during the record drought during 2011.

- 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, 2011.

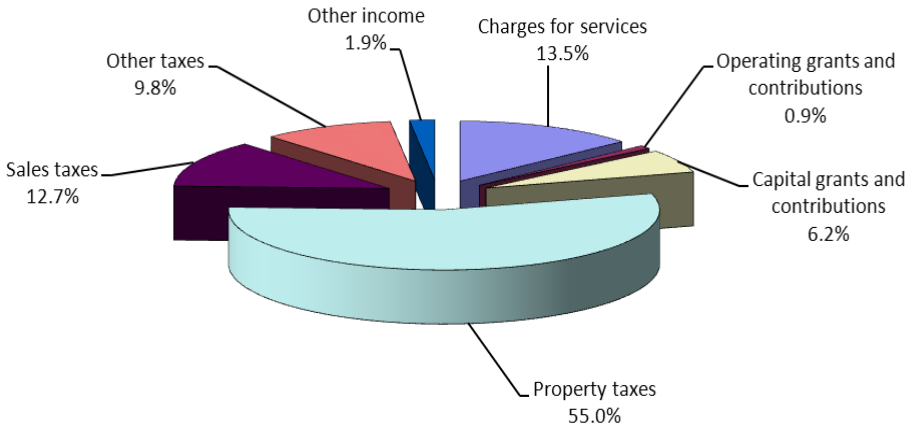
## City of Pflugerville - Changes in Net Assets

| | Governmental activities | | Business-type activities | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | $ 4,173,207 | $ 3,826,036 | $ 22,353,095 | $ 18,873,971 | $ 26,526,302 | $ 22,700,007 |
| Operating grants and contributions | 283,405 | 348,868 | - | - | 283,405 | 348,868 |
| Capital grants and contributions | 1,910,344 | 3,275,046 | 4,183,039 | 1,183,812 | 6,093,383 | 4,458,858 |
| General revenues: | | | | | | |
| Property taxes | 16,939,622 | 16,261,249 | - | - | 16,939,622 | 16,261,249 |
| Other taxes | 6,924,709 | 5,981,331 | - | - | 6,924,709 | 5,981,331 |
| Other | 579,279 | 831,702 | 168,468 | 110,626 | 747,747 | 942,328 |
| Total revenues | 30,810,566 | 30,524,232 | 26,704,602 | 20,168,409 | 57,515,168 | 50,692,641 |
| Expenses: | | | | | | |
| General government | 6,079,325 | 4,925,093 | - | - | 6,079,325 | 4,925,093 |
| Public safety | 10,643,196 | 10,598,083 | - | - | 10,643,196 | 10,598,083 |
| Public works and streets | 12,047,486 | 13,447,395 | - | - | 12,047,486 | 13,447,395 |
| Culture and recreation | 3,671,548 | 3,609,824 | - | - | 3,671,548 | 3,609,824 |
| Interest on long-term debt | 3,519,637 | 3,537,244 | - | - | 3,519,637 | 3,537,244 |
| Water and wastewater | | - | 17,743,757 | 16,210,845 | 17,743,757 | 16,210,845 |
| Solid waste | | - | 3,475,004 | 3,273,306 | 3,475,004 | 3,273,306 |
| Total Expenses | 35,961,192 | 36,117,639 | 21,218,761 | 19,484,151 | 57,179,953 | 55,601,790 |
| Change in net assets before transfers | (5,150,626) | (5,593,407) | 5,485,841 | 684,258 | 335,215 | (4,909,149) |
| Transfers | 700,000 | 500,000 | (700,000) | (500,000) | - | - |
| Change in net assets | (4,450,626) | (5,093,407) | 4,785,841 | 184,258 | 335,215 | (4,909,149) |
| Net assets - October 1, 2010 (as restated) | 160,977,843 | 166,030,219 | 81,047,141 | 80,862,883 | 242,024,984 | 246,893,102 |
| Net assets - September 30, 2011 | $ 156,527,217 | $ 160,936,812 | $ 85,832,982 | $ 81,047,141 | $ 242,360,199 | $ 241,983,953 |

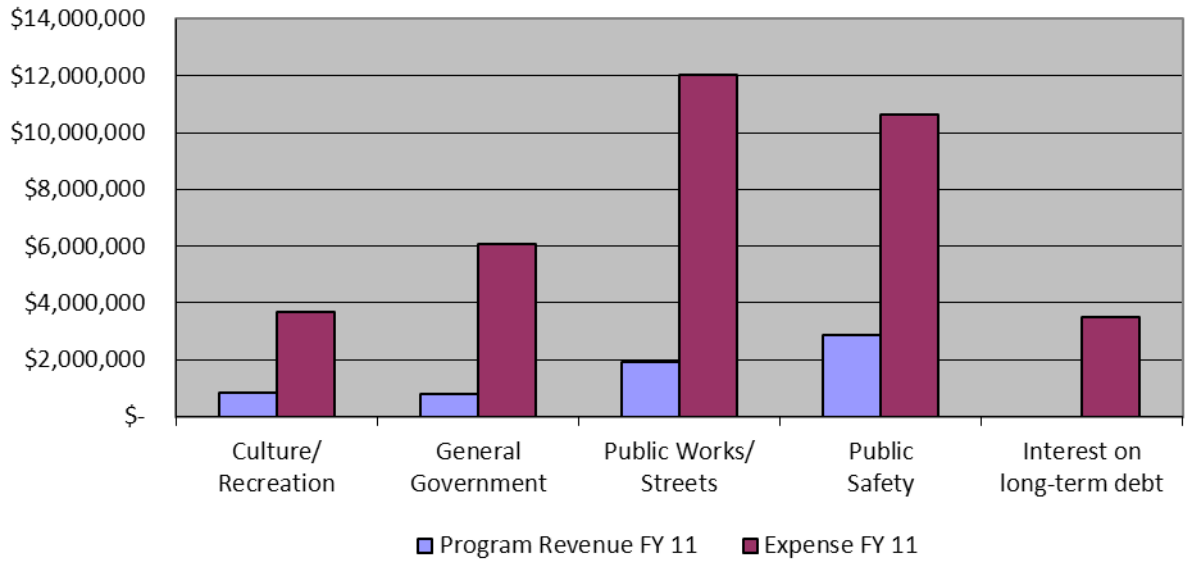
## Revenues

- Property tax revenue including penalties and interest increased by 4.2% ($678,373) during this fiscal year. This increase is the result of new commercial development and the annexation of property into the City limits.
- Property tax revenue accounts for 55.0% of total revenues for governmental activities.
- Assessed valuations increased for the fiscal year by over $108 million.
- The ad valorem tax rate for fiscal 2011 was $0.6040 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 $3.9 million for fiscal year 2011, an increase of 15.9% over the prior year. Sales tax revenue constitutes 12.7% of the total revenue for governmental activities.
- Other taxes, which include franchise taxes and mixed beverage taxes, totaled $3.0 million.
- Program revenue is derived from the program itself and reduces the cost of the function to the City. Total program revenue for both governmental and business-type activities is described below.
    - **Governmental activities program revenue** was $6.4 million. Charges for services such as receipts primarily from development and building inspection fees, parks and pool fees, and court fines are the largest components of this revenue category. A significant portion, $1.7 million, of revenue this fiscal year was infrastructure contributed by developers.
    - **Business-type activities program revenue** totaled $26.5 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 and impact fees accounted for $4.2 million of revenue during fiscal year 2011.

## 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 $11,317,675. Removing depreciation expense, the operating expenditures for governmental activities decreased by 1.3% in fiscal year 2011.

**Business-type activities.** Business-type activities increased the City of Pflugerville's net assets by $4.8 million. Charges for services for business-type activities increased by 18.4% during fiscal year 2011. This increase can be attributed to increased water usage resulting from an extremely dry Spring and Summer. This was made more dramatic due to the fact that the prior fiscal year charges for services reflected a very cool and wet Fall and 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, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of Pflugerville's governmental funds reported a combined ending fund balance of $28,615,384, a decrease of $357,805 in comparison with the fiscal year beginning fund balance. This decrease in fund balance is directly related to the funding of capital projects out of bond funds that were received in prior years. Approximately 23.9% of this total amount ($6.84M) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been committed: 1) to pay for capital projects ($16,421,439); 2) for debt service purposes ($2,229,497); or for specific programs in the special revenue fund.

**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, unassigned fund balance in the general fund was $6,844,295. During fiscal year 2011, the City Council approved a general capital reserve to fund one-time purchases and projects. The initial funding of $2,765,000 for this purpose was appropriated from excess revenues at year end and fund balance reserves. These funds are committed to that purpose and therefore do not appear as unassigned funds. As a measure of the general fund's liquidity, it may be useful to compare the unassigned fund balance to total fund expenditures. Unassigned fund balance represents 33.7% of total general fund expenditures.

The fund balance of the City of Pflugerville's general fund increased by $1,671,477. A prior period adjustment in the amount of $41,031 was made to reflect revenue received in October 2010 that should be allocated to September 2010. The purchase of $5.2M of infrastructure in Stone Hill Town Center was funded by $1.2 million from the general fund fund balance and $4.0 million from bond proceeds. Sales tax revenue increased 15.9% during FY 2011 to $3.9M. Development revenue from building permits, plat review fees, site development plans, and construction inspection increased 20.6% from FY 2010. During this fiscal year, construction was completed on a 24-Hour Fitness and a Cinemark movie theater among other projects.

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. A major project using child safety funds during FY 2011 was the installation of bollards along two locations on a school route on Kennemer Drive.

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, 2011, this fund had a total balance of $2,229,497. The increase in this fund balance was due to additional property tax revenue collected for the debt service related to the issuance of bonds during fiscal year 2011. As a result of the favorable interest rates available, during FY 2011 Refunding bonds in the amount of approximately $10M were issued to defease higher interest rate debt thereby lowering debt service requirements for outstanding bonds.

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 2011 debt was issued in the amount of $6,130,000 to fund the Library expansion and infrastructure at Stone Hill Town Center. The decrease in fund balance is due to the use of prior year bond revenue to pay for current projects.

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

Unrestricted net assets of the Utility Fund at the end of the year amounted to $10,088,689. The total growth in net assets was $4,785,841. This increase was composed of operating revenue and capital contributions.

**General Fund Budgetary Highlights**

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

The City approved five sets of general fund budget amendments during fiscal year 2011. These amendments increased the overall budgeted expenditures by $2,237,281 from the original budget, an 11.3% 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 $1.2M from fund balance for the final purchase of Stone Hill Town Center infrastructure.

**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, 2011, amounts to $348,725,097. 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.

- Preliminary engineering and design continued for the proposed Wilbarger Wastewater Treatment Plant.
- Pflugerville Parkway water transmission line was substantially completed.
- Improvements were made to the river intake site for transmission of water from the LCRA.
- Construction began on the compost pad at the Wastewater Treatment Plant.
- The expansion project of the Pflugerville Community Library continued with construction to begin in fiscal year 2012.
- Becker Farm Road improvements were under construction.
- The widening of West Pflugerville Parkway from Greenlawn Boulevard to SH 685 was completed.
- As a segment of the Parkway project, Schultz Lane was re-routed and improved.
- Design and property acquisition for East Pflugerville Parkway from SH 685 to SH 130 was begun.
- Design for the widening of Heatherwilde Boulevard North continued.
- Design and ROW acquisition continued for the Kelly Lane project.
- Design for improvements to Pfennig Lane between SH 685 and Railroad Avenue were completed.

**City of Pflugerville's Capital Assets**
(net of depreciation)

| | Governmental activities | | Business-type activities | | Total | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| Land | $ 6,362,079 | $ 4,701,264 | $ 6,738,869 | $ 6,738,869 | $ 13,100,948 | $ 11,440,133 |
| Buildings and improvements | 41,984,121 | 44,665,542 | 10,454,645 | 10,860,905 | 52,438,766 | 55,526,447 |
| Machinery and equipment | 2,765,602 | 2,624,263 | 920,162 | 993,733 | 3,685,764 | 3,617,996 |
| Infrastructure | 140,602,759 | 146,364,622 | 120,687,461 | 118,230,585 | 261,290,220 | 264,595,207 |
| Construction in progress | 13,455,708 | 7,094,135 | 4,753,691 | 4,031,386 | 18,209,399 | 11,125,521 |
| Total | $ 205,170,269 | $ 205,449,826 | $ 143,554,828 | $ 140,855,478 | $ 348,725,097 | $ 346,305,304 |

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, 2011, the City had total bonded debt outstanding of $159,050,000. Of this amount, $17,505,000 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 | |
|---|---|---|---|---|---|---|
| | 2011 | 2010 | 2011 | 2010 | 2011 | 2010 |
| General obligation bonds | $ 17,505,000 | $ 15,765,000 | $ - | $ - | $ 17,505,000 | $ 15,765,000 |
| Revenue bonds | - | - | - | - | - | - |
| Limited tax refunding bonds | 12,213,000 | 2,881,440 | 7,692,000 | 2,638,560 | 19,905,000 | 5,520,000 |
| Certificates of obligation | 49,167,410 | 55,687,105 | 72,472,590 | 79,067,895 | 121,640,000 | 134,755,000 |
| Total | $ 78,885,410 | $ 74,333,545 | $ 80,164,590 | $ 81,706,455 | $ 159,050,000 | $ 156,040,000 |

The City of Pflugerville's total debt outstanding increased by $3,010,000 (19.3%) during the current fiscal year. The key factors in this increase were a $2.0M general obligation issue, a $4.13M combination tax and revenue bond issue and a $15,780,000 limited tax refunding bond issue. The general obligation bond was issued to continue the funding of the Library expansion. The combination tax and revenue bonds were issued to fund infrastructure acquisitions. The refunding bonds defeased debt issued in 2001 and 2002 when interest rates were higher.

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 2011 debt levy equaled $0.1939 per $100 assessed valuation, or 12.9% 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 shows a decrease during fiscal year 2011. City estimates were lowered by the 2010 Census and then increased with the annexation of the Greenridge Subdivision. 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 2011 two major projects were completed: a 9-screen Cinemark Theater; and a 24-Hour Fitness. Projects under construction during FY 2012 are a credit union, a free-standing emergency room complex to include physician offices (the first emergency room located within the City); an apartment complex; and an upscale restaurant. The Pflugerville Community Development Corporation continues to make concerted marketing efforts to attract more commercial development in the areas fronting SH 130 and SH 145. All of these factors were considered in preparing the City of Pflugerville's budget for the 2012 fiscal year. The City has increased its water and wastewater capacities to serve the areas in this growth corridor. During FY 2011 water customers grew by 4.0% and wastewater customers grew by 3.8%.

Water and wastewater rates were not adjusted in 2011. A comprehensive rate study is scheduled to be conducted in FY 2013. Previous rate study results forecast no rate increase necessary until at least FY 2015. An annual review of the rates will be conducted. There is no adjustment of water or wastewater rates anticipated in fiscal year 2011-2012.

The fiscal year 2012 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.

**Contacting the City's Financial Management**

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

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

www.pflugervilletx.gov

# BASIC FINANCIAL STATEMENTS

where quality meets life

PFLUGERVILLE

TEXAS

**CITY OF PFLUGERVILLE, TEXAS**
**STATEMENT OF NET ASSETS**
**SEPTEMBER 30, 2011**

| | Primary Government | | | Component Unit |
|---|---|---|---|---|
| | Governmental Activities | Business-type Activities | Total | Pflugerville Community Development Corporation |
| **ASSETS** | | | | |
| Cash and investments | $ 11,427,169 | $ 7,015,438 | $ 18,442,607 | $ 1,592,734 |
| Receivables (net of allowance) | 1,853,816 | 3,950,823 | 5,804,639 | 375,118 |
| Interfund balances | 172,770 | (172,770) | - | - |
| Due from component unit | 18,460 | - | 18,460 | - |
| Deferred charges | 1,669,956 | 864,986 | 2,534,942 | - |
| Restricted assets: | | | | |
| Restricted cash and investments | 19,205,321 | 13,457,059 | 32,662,380 | - |
| Capital assets, not being depreciated: | | | | |
| Land | 6,362,079 | 6,738,869 | 13,100,948 | 10,757,279 |
| Construction in progress | 13,455,708 | 4,753,691 | 18,209,399 | 238,107 |
| Capital assets, net of depreciation: | | | | |
| Buildings and improvements | 41,984,121 | 10,454,645 | 52,438,766 | 2,500 |
| Machinery and equipment | 2,765,602 | 920,162 | 3,685,764 | 19,443 |
| Infrastructure and system | 140,602,759 | 120,687,461 | 261,290,220 | - |
| Total assets | 239,517,761 | 168,670,364 | 408,188,125 | 12,985,181 |
| **LIABILITIES** | | | | |
| Accounts payable | 1,409,641 | 1,302,908 | 2,712,549 | 112,737 |
| Wages payable | 489,838 | 63,979 | 553,817 | - |
| Customer deposits and escrow payable | 1,436,916 | 541,995 | 1,978,911 | |
| Accrued interest payable | 593,320 | 635,213 | 1,228,533 | 33,646 |
| Noncurrent liabilities: | | | | |
| Due within one year | 2,431,226 | 1,858,762 | 4,289,988 | - |
| Due in more than one year | 76,629,603 | 78,434,525 | 155,064,128 | 8,500,000 |
| Total liabilities | 82,990,544 | 82,837,382 | 165,827,926 | 8,646,383 |
| **NET ASSETS** | | | | |
| Invested in capital assets, net of related debt | 143,269,085 | 69,065,405 | 212,334,490 | 2,517,329 |
| Restricted for capital projects | - | 6,678,888 | 6,678,888 | - |
| Restricted for debt service | 1,636,177 | - | 1,636,177 | - |
| Unrestricted | 11,621,955 | 10,088,689 | 21,710,644 | 1,821,469 |
| Total net assets | $ 156,527,217 | $ 85,832,982 | $ 242,360,199 | $ 4,338,798 |

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

**CITY OF PFLUGERVILLE, TEXAS**
**STATEMENT OF ACTIVITIES**
**FOR THE YEAR ENDED SEPTEMBER 30, 2011**

| Functions/Programs | Expenses | Program Revenue: Charges for Services | Program Revenue: Operating Grants and Contributions | Program Revenue: Capital Grants and Contributions |
|---|---|---|---|---|
| **Primary government** | | | | |
| Governmental activities: | | | | |
| General government | $ 6,079,325 | $ 648,045 | $ 129,685 | $ - |
| Public safety | 10,643,196 | 2,787,722 | 67,889 | - |
| Public works and streets | 12,047,486 | - | 26,059 | 1,889,365 |
| Culture and recreation | 3,671,548 | 737,440 | 59,772 | 20,979 |
| Interest and fiscal charges | 3,519,637 | - | - | - |
| Total governmental activities | 35,961,192 | 4,173,207 | 283,405 | 1,910,344 |
| Business-type activities: | | | | |
| Water and wastewater | 17,743,757 | 18,869,164 | - | 4,183,039 |
| Solid waste | 3,475,004 | 3,483,931 | - | - |
| Total business-type activities | 21,218,761 | 22,353,095 | - | 4,183,039 |
| Total primary government | $ 57,179,953 | $ 26,526,302 | $ 283,405 | $ 6,093,383 |
| **Component unit** | | | | |
| Pflugerville Community Development Corporation | $ 1,746,949 | $ - | $ - | $ 944,450 |

**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 |
| $ (5,301,595) | $ - | $ (5,301,595) | |
| (7,787,585) | - | (7,787,585) | |
| (10,132,062) | - | (10,132,062) | |
| (2,853,357) | - | (2,853,357) | |
| (3,519,637) | - | (3,519,637) | |
| (29,594,236) | - | (29,594,236) | |
| - | 5,308,446 | 5,308,446 | |
| - | 8,927 | 8,927 | |
| - | 5,317,373 | 5,317,373 | |
| (29,594,236) | 5,317,373 | (24,276,863) | |
| | | | $ (802,499) |
| 16,939,622 | - | 16,939,622 | - |
| 3,897,834 | - | 3,897,834 | 1,942,899 |
| 2,998,551 | - | 2,998,551 | - |
| 28,324 | - | 28,324 | - |
| 58,318 | 32,459 | 90,777 | 20,544 |
| 493,705 | 136,009 | 629,714 | 15,000 |
| 27,256 | - | 27,256 | - |
| 700,000 | (700,000) | - | - |
| 25,143,610 | (531,532) | 24,612,078 | 1,978,443 |
| (4,450,626) | 4,785,841 | 335,215 | 1,175,944 |
| 160,936,812 | 81,047,141 | 241,983,953 | 3,122,854 |
| 41,031 | - | 41,031 | 40,000 |
| 160,977,843 | 81,047,141 | 242,024,984 | 3,162,854 |
| $ 156,527,217 | $ 85,832,982 | $ 242,360,199 | $ 4,338,798 |

**CITY OF PFLUGERVILLE, TEXAS**
**BALANCE SHEET**
**GOVERNMENTAL FUNDS**
**AS OF SEPTEMBER 30, 2011**

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental |
|---|---|---|---|---|---|
| **ASSETS** | | | | | |
| Cash and investments | $ 9,618,215 | $ 358,036 | $ - | $ 1,450,918 | $ 11,427,169 |
| Taxes receivable | 1,222,369 | - | 110,678 | - | 1,333,047 |
| Other receivables | 405,616 | 89,353 | - | 25,800 | 520,769 |
| Due from other funds | 213,019 | - | 5,936 | - | 218,955 |
| Due from component unit | 18,460 | - | - | - | 18,460 |
| Restricted investments | - | - | 2,223,561 | 16,981,760 | 19,205,321 |
| Total assets | $ 11,477,679 | $ 447,389 | $ 2,340,175 | $ 18,458,478 | $ 32,723,721 |
| **LIABILITIES AND FUND BALANCES** | | | | | |
| Liabilities: | | | | | |
| Accounts payable | $ 793,684 | $ 15,834 | $ - | $ 600,123 | $ 1,409,641 |
| Wages payable | 453,685 | 36,153 | - | - | 489,838 |
| Due to other funds | 5,936 | 40,249 | - | - | 46,185 |
| Escrow payable | - | - | - | 1,436,916 | 1,436,916 |
| Deferred revenue | 615,079 | - | 110,678 | - | 725,757 |
| Total liabilities | 1,868,384 | 92,236 | 110,678 | 2,037,039 | 4,108,337 |
| Fund balances: | | | | | |
| Restricted for: | | | | | |
| Debt service | - | - | 2,229,497 | - | 2,229,497 |
| Capital projects | | | | 16,421,439 | 16,421,439 |
| Specific programs | - | 304,595 | - | - | 304,595 |
| Committed for: | | | | | |
| General capital reserve | 2,765,000 | - | - | - | 2,765,000 |
| Specific programs | - | 73,991 | - | - | 73,991 |
| Assigned for: | | | | | |
| Specific programs | - | 14,194 | - | - | 14,194 |
| Unassigned | 6,844,295 | (37,627) | - | - | 6,806,668 |
| Total fund balances | 9,609,295 | 355,153 | 2,229,497 | 16,421,439 | 28,615,384 |
| Total liabilities and fund balances | $ 11,477,679 | $ 447,389 | $ 2,340,175 | $ 18,458,478 | $ 32,723,721 |

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, 2011**

| | | |
|---|---|---|
| Fund balances of governmental funds | $ | 28,615,384 |
| 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. | | 205,170,269 |
| Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements. | | (78,885,410) |
| The net OPEB obligation will not be liquidated with current financial resources and therefore has not been included in the fund financial statements. | | (280,125) |
| Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements. | | (458,081) |
| 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. | | (593,320) |
| 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. | | 1,669,956 |
| Premiums ($568,372) and discounts ($273,256) on bond issuances and deferred amount on bond refunding ($857,903) 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. | | 562,787 |
| Receivables from property taxes ($345,869) and fines ($379,888) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds. | | 725,757 |
| Net assets of governmental activities | $ | 156,527,217 |

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, 2011**

| | General | Special Revenue | Debt Service | Capital Projects | Total Governmental |
|---|---|---|---|---|---|
| **REVENUES** | | | | | |
| Taxes: | | | | | |
| Property | $ 11,313,762 | $ - | $ 5,623,944 | $ - | $ 16,937,706 |
| Sales | 3,897,834 | - | - | - | 3,897,834 |
| Franchise | 2,998,551 | - | - | - | 2,998,551 |
| Mixed beverage | 28,324 | - | - | - | 28,324 |
| Licenses and permits | 673,440 | 22,934 | - | - | 696,374 |
| Intergovernmental | 140,093 | 1,586,207 | 126,041 | 25,800 | 1,878,141 |
| Fines and forfeitures | 1,064,155 | 125,153 | - | - | 1,189,308 |
| Investment income | 15,910 | 248 | 16,281 | 25,879 | 58,318 |
| Charges for services | 559,760 | - | - | - | 559,760 |
| Deutschen Pfest income | - | 101,131 | - | - | 101,131 |
| Other income | 357,004 | 10,948 | - | 156,269 | 524,221 |
| Total revenues | 21,048,833 | 1,846,621 | 5,766,266 | 207,948 | 28,869,668 |
| **EXPENDITURES** | | | | | |
| Current: | | | | | |
| General government | 4,802,521 | 21,783 | - | - | 4,824,304 |
| Public safety | 8,506,104 | 1,407,087 | - | - | 9,913,191 |
| Public works and streets | 1,841,229 | - | - | - | 1,841,229 |
| Culture and recreation | 3,175,848 | 75,357 | - | - | 3,251,205 |
| Debt service: | | | | | |
| Agent fees/issuance costs | - | - | 197,003 | 172,906 | 369,909 |
| Interest | - | - | 3,372,562 | - | 3,372,562 |
| Principal retirement | - | - | 2,272,075 | - | 2,272,075 |
| Capital outlay | 1,975,574 | 262,965 | - | 8,297,726 | 10,536,265 |
| Total expenditures | 20,301,276 | 1,767,192 | 5,841,640 | 8,470,632 | 36,380,740 |
| **EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES** | 747,557 | 79,429 | (75,374) | (8,262,684) | (7,511,072) |
| **OTHER FINANCING SOURCES (USES)** | | | | | |
| Transfers out | - | (95,636) | - | (30,007) | (125,643) |
| Transfers in | 795,636 | | 30,007 | - | 825,643 |
| Proceeds from sale of capital assets | 27,256 | - | - | - | 27,256 |
| Payment to bond refunding escrow agent | - | - | (10,282,473) | - | (10,282,473) |
| Premium on issuance of bonds | - | - | 387,688 | - | 387,688 |
| Discount on issuance of bonds | - | - | - | (9,432) | (9,432) |
| Issuance of bonds | - | - | 10,099,200 | 6,130,000 | 16,229,200 |
| Insurance recoveries | 101,028 | - | - | - | 101,028 |
| Total other financing sources and uses | 923,920 | (95,636) | 234,422 | 6,090,561 | 7,153,267 |
| **NET CHANGE IN FUND BALANCES** | 1,671,477 | (16,207) | 159,048 | (2,172,123) | (357,805) |
| **FUND BALANCES, BEGINNING** | 7,896,787 | 371,360 | 2,070,449 | 18,593,562 | 28,932,158 |
| **PRIOR PERIOD ADJUSTMENT** | 41,031 | - | - | - | 41,031 |
| **FUND BALANCES, BEGINNING, RESTATED** | 7,937,818 | 371,360 | 2,070,449 | 18,593,562 | 28,973,189 |
| **FUND BALANCES, ENDING** | $ 9,609,295 | $ 355,153 | $ 2,229,497 | $ 16,421,439 | $ 28,615,384 |

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, 2011**

| | | |
|---|---|---|
| Net change in fund balances - total governmental funds | $ | (357,805) |
| Amounts reported for governmental activities in the Statement of Activities are different because: | | |
| Current year capital outlays are expenditures in the fund statements but are shown as increases in capital assets in the government-wide financial statements. The effect of removing capital outlays is to increase net assets. | | 9,285,118 |
| The City received street infrastructure contributed by developers. Other capital assets were donated to the City as well. These contributions increase net assets. | | 1,753,000 |
| 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. | | (11,317,675) |
| 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. | | (16,229,200) |
| 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. | | 11,664,025 |
| 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. | | 20,210 |
| 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 2010 to 2011 decreases net assets. | | (30,656) |
| 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. | | (63,014) |
| Bond issuance costs are expended in the fund financial statements when paid but are capitalized and amortized in the government-wide financial statements. | | 271,948 |
| 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. | | (364,094) |
| Deferred amount on bond refunding of $890,523 is capitalized in the government-wide financial statements and amortized over the life of the debt. Amortization of deferred amount on bond refunding of $32,620 was recorded. The net effect is to increase net assets. | | 857,903 |
| 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. | | 59,614 |
| Change in net assets of governmental activities | $ | (4,450,626) |

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, 2011**

| | Budgeted Amounts | | Budgetary Basis | Variance with Final Budget - Positive |
|---|---|---|---|---|
| **REVENUES** | Original | Final | Actual | (Negative) |
| Taxes: | | | | |
| Property | $ 11,207,639 | $ 11,216,667 | $ 11,313,762 | $ 97,095 |
| Sales | 3,467,395 | 3,467,395 | 3,897,834 | 430,439 |
| Franchise | 2,500,000 | 2,500,000 | 2,998,551 | 498,551 |
| Mixed beverage | 22,000 | 22,000 | 28,324 | 6,324 |
| Licenses and permits | 449,900 | 449,900 | 673,440 | 223,540 |
| Intergovernmental/grants | 10,689 | 148,515 | 140,093 | (8,422) |
| Fines and forfeitures | 970,000 | 970,000 | 1,064,155 | 94,155 |
| Interest income | 20,000 | 20,000 | 15,910 | (4,090) |
| Charges for services | 626,100 | 626,100 | 559,760 | (66,340) |
| Other income | 129,500 | 204,801 | 357,004 | 152,203 |
| Fund balance transfer | - | 1,205,000 | 1,205,000 | - |
| Total revenues | 19,403,223 | 20,830,378 | 22,253,833 | 1,423,455 |
| **EXPENDITURES** | | | | |
| Current: | | | | |
| General government | 5,109,281 | 5,322,705 | 4,802,521 | 520,184 |
| Public safety | 8,741,832 | 8,808,162 | 8,506,104 | 302,058 |
| Public works and streets | 2,109,897 | 2,200,946 | 1,841,229 | 359,717 |
| Culture and recreation | 3,425,899 | 3,518,174 | 3,175,848 | 342,326 |
| Capital outlay | 406,541 | 2,180,744 | 1,975,574 | 205,170 |
| Total expenditures | 19,793,450 | 22,030,731 | 20,301,276 | 1,729,455 |
| **EXCESS OF REVENUES OVER EXPENDITURES** | (390,227) | (1,200,353) | 1,952,557 | 3,152,910 |
| **OTHER FINANCING SOURCES (USES)** | | | | |
| Transfers in | 725,592 | 795,958 | 795,636 | (322) |
| Sale of capital assets | - | - | 27,256 | 27,256 |
| Insurance recoveries | - | 80,292 | 101,028 | 20,736 |
| Total other financing sources and uses | 725,592 | 876,250 | 923,920 | 47,670 |
| **NET CHANGE IN FUND BALANCES** | 335,365 | (324,103) | 2,876,477 | 3,200,580 |
| **FUND BALANCE, BEGINNING** | 7,896,787 | 7,896,787 | 7,896,787 | - |
| **PRIOR PERIOD ADJUSTMENT** | 41,031 | 41,031 | 41,031 | - |
| **FUND BALANCES, BEGINNING, RESTATED** | 7,937,818 | 7,937,818 | 7,937,818 | - |
| **FUND BALANCE, ENDING** | $ 8,273,183 | $ 7,613,715 | $ 10,814,295 | $ 3,200,580 |
| Reconciliation to GAAP basis: | | | | |
| Remove fund balance transfer | | | (1,205,000) | |
| Fund Balance, Ending - GAAP basis | | | $ 9,609,295 | |

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

**CITY OF PFLUGERVILLE, TEXAS**
**STATEMENT OF NET ASSETS**
**PROPRIETARY FUNDS**
**SEPTEMBER 30, 2011**

| | Enterprise Fund Utility |
|---|---|
| **ASSETS** | |
| Current assets: | |
| Cash and investments | $ 7,015,438 |
| Restricted cash and investments | 800,851 |
| Accounts receivable, net | 3,950,823 |
| Total current assets | 11,767,112 |
| Non-current assets: | |
| Restricted cash and investments: | |
| Revenue bond covenant accounts | 6,121,924 |
| Impact fees | 6,534,284 |
| Bond issuance costs, net | 864,986 |
| Capital assets: | |
| Land | 6,738,869 |
| Buildings and improvements | 13,244,221 |
| Equipment | 3,429,257 |
| Infrastructure and system | 152,052,326 |
| Construction in progress | 4,753,691 |
| Less accumulated depreciation | (36,663,536) |
| Total capital assets, net of accumulated depreciation | 143,554,828 |
| Total non-current assets | 157,076,022 |
| Total assets | 168,843,134 |
| **LIABILITIES** | |
| Current liabilities: | |
| Accounts payable | 1,302,908 |
| Wages payable | 63,979 |
| Due to other funds | 172,770 |
| Compensated absences payable | 8,372 |
| Customer deposits | 541,995 |
| Accrued interest payable | 635,213 |
| Tax and revenue bonds payable - current | 1,850,390 |
| Total current liabilities | 4,575,627 |
| Non-current liabilities: | |
| Tax and revenue bonds payable | 78,355,222 |
| Compensated absences payable | 33,486 |
| Net OPEB obligation | 45,817 |
| Total non-current liabilities | 78,434,525 |
| Total liabilities | 83,010,152 |
| **NET ASSETS** | |
| Invested in capital assets, net of related debt | 69,065,405 |
| Restricted for capital projects | 6,678,888 |
| Unrestricted | 10,088,689 |
| Total net assets | $ 85,832,982 |

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, 2011**

| | Enterprise Fund Utility |
|---|---|
| **OPERATING REVENUE** | |
| Charges for sales and services: | |
| Water sales | $ 13,362,222 |
| Wastewater sales | 5,506,942 |
| Solid waste sales | 3,483,931 |
| Other income | 136,009 |
| Total operating revenues | 22,489,104 |
| **OPERATING EXPENSES** | |
| Utility administration | 1,955,251 |
| Water operations | 6,370,603 |
| Wastewater operations | 1,950,949 |
| Solid waste operations | 3,475,004 |
| Depreciation and amortization | 3,695,346 |
| Total operating expenses | 17,447,153 |
| **OPERATING INCOME** | 5,041,951 |
| **NONOPERATING REVENUES (EXPENSES)** | |
| Investment income | 32,459 |
| Interest expense and fees | (3,771,608) |
| Total nonoperating revenues (expenses) | (3,739,149) |
| **INCOME BEFORE CONTRIBUTIONS AND TRANSFERS** | 1,302,802 |
| Capital contributions | 4,183,039 |
| Transfers in | - |
| Transfers out | (700,000) |
| **CHANGE IN NET ASSETS** | 4,785,841 |
| **TOTAL NET ASSETS, BEGINNING** | 81,047,141 |
| **TOTAL NET ASSETS, ENDING** | $ 85,832,982 |

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, 2011**

| | | Enterprise Fund Utility |
|---|---|---|
| **CASH FLOWS FROM OPERATING ACTIVITIES** | | |
| Receipts from customers | $ | 21,064,352 |
| Payments to or on behalf of employees | | (1,949,583) |
| Payments to suppliers | | (11,375,537) |
| Net cash provided by operating activities | | 7,739,232 |
| **CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES** | | |
| Payments to other funds | | (700,000) |
| Payments from other funds | | 172,837 |
| Net cash used by noncapital financing activities | | (527,163) |
| **CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES** | | |
| Proceeds from issuance of revenue bonds | | 5,789,610 |
| Capital contributions | | 2,723,039 |
| Acquisition of capital assets | | (4,888,836) |
| Principal paid on bonds | | (1,858,012) |
| Payment to bond refunding escrow agent | | (5,769,026) |
| Interest paid on bonds | | (3,812,054) |
| Net cash used by capital and related financing activities | | (7,815,279) |
| **CASH FLOWS FROM INVESTING ACTIVITIES** | | |
| (Increase) decrease in short-term investments | | 621,231 |
| Interest received | | 32,459 |
| Net cash provided by investing activities | | 653,690 |
| **NET INCREASE IN CASH AND CASH EQUIVALENTS** | | 50,480 |
| **CASH AND CASH EQUIVALENTS, BEGINNING** | | 427,660 |
| **CASH AND CASH EQUIVALENTS, ENDING** | $ | 478,140 |
| **RECONCILIATION TO STATEMENT OF NET ASSETS** | | |
| Cash and cash equivalents | $ | 478,140 |
| Investments | | 19,994,357 |
| Total cash and investments | $ | 20,472,497 |
| **REPORTED AS:** | | |
| Cash and investments | $ | 7,015,438 |
| Restricted cash and investments | | 13,457,059 |
| Total cash and investments | $ | 20,472,497 |

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, 2011**

| | | Enterprise Fund |
|---|---|---|
| | | Utility |
| **RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES** | | |
| Operating income | $ | 5,041,951 |
| Adjustments to reconcile operating income to net cash provided by operating activities: | | |
| Depreciation and amortization | | 3,695,346 |
| (Increase) in accounts receivable | | (1,341,486) |
| Increase in accounts payable | | 410,587 |
| (Decrease) in customer deposits | | (83,265) |
| Increase in accrued liabilities | | 16,099 |
| Net cash provided by operating activities | $ | 7,739,232 |
| **NONCASH INVESTING AND FINANCING ACTIVITIES** | | |
| Infrastructure contributed by developers | $ | 1,460,000 |

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

# 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.

## 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 or committed to expenditures for specified purposes, such as the Deutschen Pfest, Pflugerville Independent School District Police Department, 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.

**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.

**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.

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.

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

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 2011 fiscal year.

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

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

| Assets | Years |
|---|---|
| Buildings | 30 |
| Utility distribution system | 20-50 |
| Streets and public domain infrastructure | 15-50 |
| Improvements | 15 |
| Equipment | 10 |

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.

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.

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

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 1st of each year. Taxes are levied on and payable the following October 1. Taxes become delinquent February 1 of the following year and are subject to interest and penalty charges. The City is permitted by the State of Texas to levy taxes up to $2.50 per $100 of assessed valuation for general government services and for the payment of principal and interest on general long-term debt. The combined current tax rate to finance general government services, including debt service for the fiscal year ended September 30, 2011, was $.604 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 Funds. The Special Revenue Funds are expended at the discretion of the appropriate department manager.

## 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, 2011, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

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

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

Following are the City's cash and investments at September 30, 2011:

| | Carrying/ Fair Value | Weighted Average Maturity (Days) |
|---|---|---|
| Petty cash | $ 1,850 | N/A |
| Deposits with financial institutions | 1,552,524 | N/A |
| Lone Star Investment Pool - liquidity fund | 1,234,937 | 41 |
| TexPool | 48,315,676 | 48 |
| Total Cash and Investments | $ 51,104,987 | 48 |

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, 2011, the City's investments in Lone Star and TexPool were both rated AAAm by Standard & Poor's.

**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 |
|---|---|---|---|---|
| **Governmental activities:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 4,701,264 | $ 1,660,815 | $ - | $ 6,362,079 |
| Construction in progress | 7,094,135 | 6,361,573 | - | 13,455,708 |
| Total assets not being depreciated | 11,795,399 | 8,022,388 | - | 19,817,787 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 58,186,829 | 583,001 | - | 58,769,830 |
| Machinery and equipment | 7,121,289 | 639,480 | 285,481 | 7,475,288 |
| Infrastructure | 263,800,938 | 1,793,249 | - | 265,594,187 |
| Total capital assets being depreciated | 329,109,056 | 3,015,730 | 285,481 | 331,839,305 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 13,521,287 | 3,264,422 | - | 16,785,709 |
| Machinery and equipment | 4,497,026 | 498,141 | 285,481 | 4,709,686 |
| Infrastructure | 117,436,316 | 7,555,112 | - | 124,991,428 |
| Total accumulated depreciation | 135,454,629 | 11,317,675 | 285,481 | 146,486,823 |
| Total capital assets being depreciated, net | 193,654,427 | (8,301,945) | - | 185,352,482 |
| Governmental activities capital assets, net | $ 205,449,826 | $ (279,557) | $ - | $ 205,170,269 |

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

| | Beginning Balance | Additions | Deletions | Ending Balance |
|---|---|---|---|---|
| **Business-type activities** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 6,738,869 | $ - | $ - | $ 6,738,869 |
| Construction in progress | 4,031,386 | 4,727,286 | 4,004,981 | 4,753,691 |
| Total assets not being depreciated | 10,770,255 | 4,727,286 | 4,004,981 | 11,492,560 |
| Capital assets, being depreciated: | | | | |
| Buildings and improvements | 13,209,340 | 34,881 | - | 13,244,221 |
| Machinery and equipment | 3,335,530 | 93,727 | - | 3,429,257 |
| Infrastructure | 146,554,404 | 5,497,922 | - | 152,052,326 |
| Total capital assets being depreciated | 163,099,274 | 5,626,530 | - | 168,725,804 |
| Less accumulated depreciation: | | | | |
| Buildings and improvements | 2,348,435 | 441,141 | - | 2,789,576 |
| Machinery and equipment | 2,341,797 | 167,298 | - | 2,509,095 |
| Infrastructure | 28,323,819 | 3,041,046 | - | 31,364,865 |
| Total accumulated depreciation | 33,014,051 | 3,649,485 | - | 36,663,536 |
| Total capital assets being depreciated, net | 130,085,223 | 1,977,045 | - | 132,062,268 |
| Business-type activities capital assets, net | $ 140,855,478 | $ 6,704,331 | $ 4,004,981 | $ 143,554,828 |
| **Discretely presented component unit:** | | | | |
| Capital assets, not being depreciated: | | | | |
| Land | $ 9,958,279 | $ 799,000 | $ | $ 10,757,279 |
| Construction in progress | - | 238,107 | | 238,107 |
| Total assets not being depreciated | 9,958,279 | 1,037,107 | - | 10,995,386 |
| Capital assets, being depreciated: | | | | |
| Furniture and equipment | 43,396 | 765 | | 44,161 |
| Leasehold improvements | 5,000 | | | 5,000 |
| Total capital assets being depreciated | 48,396 | 765 | - | 49,161 |
| Less accumulated depreciation: | | | | |
| Furniture and equipment | 16,839 | 7,879 | | 24,718 |
| Leasehold improvements | - | 2,500 | | 2,500 |
| Total accumulated depreciation | 16,839 | 10,379 | - | 27,218 |
| Total capital assets being depreciated, net | 31,557 | (9,614) | - | 21,943 |
| Discretely presented component unit activities capital assets, net | $ 9,989,836 | $ 1,027,493 | $ - | $ 11,017,329 |

**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 | $ | 247,188 |
| Public safety | | 527,939 |
| Public works | | 10,194,276 |
| Culture/recreation | | 348,272 |
| Total depreciation expense - governmental activities | $ | 11,317,675 |
| | | |
| Business-type activities | | |
| Water and sewer | $ | 3,649,485 |
| Total depreciation expense - business-type activities | $ | 3,649,485 |

Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2011, is as follows:

| Receivable Fund | Payable Fund | | Amount | Purpose |
|---|---|---|---|---|
| Debt service | General | $ | 5,936 | Transfer property taxes |
| General | Utility | | 172,770 | Transfer for franchise fees |
| General | Special revenue | | 40,249 | Transfer for payables |

| Transfers In | Transfers Out | | Amount | Purpose |
|---|---|---|---|---|
| General | Utility | $ | 700,000 | Management fee |
| General | Special revenue | | 95,636 | Contribution to General fund |
| Debt service | Capital project | | 30,007 | Contribution to Debt service fund |

**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, 2011:

| | Beginning Balance | Additions | Deletions | Ending Balance | Due Within One Year |
|---|---|---|---|---|---|
| **Governmental activities** | | | | | |
| General obligation bonds | $ 74,320,235 | $ 16,229,200 | $ (11,664,025) | $ 78,885,410 | $ 2,339,610 |
| Premium on bond issuance | 208,436 | 387,688 | (27,752) | 568,372 | - |
| Discount on bonds | (277,414) | (9,432) | 13,590 | (273,256) | - |
| Deferred amount on bond refunding | - | (890,523) | 32,620 | (857,903) | - |
| Compensated absences | 478,291 | 75,448 | (95,658) | 458,081 | 91,616 |
| Net OPEB obligation | 217,111 | 63,014 | - | 280,125 | - |
| Governmental activities long-term liabilities | $ 74,946,659 | $ 15,855,395 | $ (11,741,225) | $ 79,060,829 | $ 2,431,226 |
| **Business-type activities** | | | | | |
| Utility bonds | $ 81,719,765 | $ 5,680,800 | $ (7,235,975) | $ 80,164,590 | $ 1,850,390 |
| Premium on bond issuance | 295,667 | 218,075 | (24,230) | 489,512 | - |
| Discount on bonds | (59,927) | - | 2,413 | (57,514) | - |
| Deferred amount on bond refunding | - | (405,842) | 14,866 | (390,976) | - |
| Compensated absences | 37,130 | 12,154 | (7,426) | 41,858 | 8,372 |
| Net OPEB obligation | 35,786 | 10,031 | - | 45,817 | - |
| Business-type activities long-term liabilities | $ 82,028,421 | $ 5,515,218 | $ (7,250,352) | $ 80,293,287 | $ 1,858,762 |
| Total long-term debt | $ 156,975,080 | $ 21,370,613 | $ (18,991,577) | $ 159,354,116 | $ 4,289,988 |
| **Discretely presented component unit** | | | | | |
| Notes payable | $ 8,500,000 | $ - | $ - | $ 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.

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

General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2011, are as follows:

| Fiscal Year | Principal | Interest | Total Requirements |
|---|---|---|---|
| 2012 | $ 2,339,610 | $ 3,563,572 | $ 5,903,182 |
| 2013 | 2,414,634 | 3,484,133 | 5,898,767 |
| 2014 | 2,498,737 | 3,395,778 | 5,894,515 |
| 2015 | 2,450,509 | 3,305,960 | 5,756,470 |
| 2016 | 2,519,582 | 3,207,400 | 5,726,981 |
| 2017-2021 | 15,090,864 | 14,157,641 | 29,248,506 |
| 2022-2026 | 18,117,495 | 10,408,344 | 28,525,839 |
| 2027-2031 | 16,318,047 | 6,630,891 | 22,948,938 |
| 2032-2035 | 17,135,930 | 2,277,239 | 19,413,169 |
| Total | $ 78,885,410 | $ 50,430,959 | $ 129,316,368 |

A summary of tax-supported general obligation debt outstanding at September 30, 2011, 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%. | $ 12,625,000 | 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%. | 230,000 | 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, 2018; interest at 4.5% to 5%. | 1,930,500 | 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%. | 636,600 | Radio equipment |
| $3,000,000 Series 2004 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $43,677 to $787,136 through August 1, 2034; interest at 2.5% to 5.25%. | 2,697,600 | Drainage projects, street projects, hike and bike trail |
| $3,350,000 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%. | 3,103,200 | 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%. | 4,685,000 | 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%. | 9,685,000 | Street projects |

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

| | | |
|---|---|---|
| $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%. | $ 11,060,000 | 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%. | 2,880,000 | Expansion of Library |
| $11,247,600 Series 2009A Combination Tax and Revenue Certificates of Obligation, due in annual installments of $233,850 to $869,075 through August 1, 2035; interest at 2% to 5%. | 11,001,980 | Infrastructure improvements |
| $2,941,470 Series 2009 Limited Tax Refunding Bonds, due in annual installments of $60,030 to $608,130 through August 1, 2016 and interest at 2% to 3.125%. | 2,287,730 | Refunding of prior issues 1996, 1996A, and 1997 |
| $2,000,000 Series 2010 Limited Tax Bonds, due in annual installments of $40,000 to $170,000 through August 1, 2035 and interest at 2 to 4.2%. | 2,000,000 | Library expansion |
| $4,130,000 Series 2010 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $85,000 to $350,000 through August 1, 2035 and interest at 2 to 4.2%. | 4,130,000 | Infrastructure improvements |
| $10,099,200 Series 2010 Limited Tax Refunding Bonds, due in annual installments of $38,400 to $713,600 through August 1, 2032 and interest at 2 to 4%. | 9,932,800 | Partial refunding of prior issues 2001 and 2002 |
| Total general obligation debt | $ 78,885,410 | |

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 2010, the City issued refunding bonds, $15,780,000 Limited Tax Refunding Bonds, Series 2010, for the purpose of redeeming $14,770,000 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 $1,028,547 and cash flow savings (difference between debt service requirements of the old debt versus the new debt) of $1,423,467.

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

Utility Debt

A summary of utility debt outstanding at September 30, 2011, 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, 2018; interest at 4.5% to 5%. | $ 1,579,500 | 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%. | 15,278,400 | 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%. | 26,295,000 | 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%. | 11,502,400 | 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%. | 11,396,800 | 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%. | 6,428,020 | 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 at 2% to 3.125%. | 2,097,270 | Refunding of prior issues - 1993, 1999, and 2000 |
| $5,680,800 Series 2010 Limited Tax Refunding Bonds, due in annual installments of $60,000 to $1,110,000 through August 1, 2032 and interest at 2% to 4%. | 5,587,200 | Partial refunding of prior issues 2001 and 2002 |
| Total utility debt | $ 80,164,590 | |

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.

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

The annual requirements to retire all Utility Fund bonds, including interest, as of September 30, 2011, are as follows:

| Fiscal Year | Principal | Interest | Total Requirements |
|---|---|---|---|
| 2012 | $ 1,850,390 | $ 3,807,629 | $ 5,658,019 |
| 2013 | 1,900,366 | 3,747,180 | 5,647,546 |
| 2014 | 1,961,264 | 3,683,937 | 5,645,200 |
| 2015 | 2,139,490 | 3,615,167 | 5,754,658 |
| 2016 | 2,225,418 | 3,533,124 | 5,758,543 |
| 2017-2021 | 13,104,136 | 16,027,115 | 29,131,251 |
| 2022-2026 | 14,932,505 | 12,727,949 | 27,660,453 |
| 2027-2031 | 22,216,953 | 8,361,009 | 30,577,962 |
| 2032-2035 | 19,834,069 | 2,446,886 | 22,280,955 |
| Total | $ 80,164,590 | $ 57,949,996 | $ 138,114,586 |

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.

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 2010 and 2011 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 |

**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 |
|---|---|---|---|---|
| 2009 | $ 1,426,258 | $ 1,426,258 | 100% | - |
| 2010 | 1,596,475 | 1,596,475 | 100% | - |
| 2011 | 1,621,601 | 1,621,601 | 100% | - |

The required contribution rates for fiscal year 2011 were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

| Valuation Date | 12/31/2008 | 12/31/2009 | 12/31/2010 - restructured |
|---|---|---|---|
| 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 | 29.0 years; closed period | 28.3 years; closed period | 27.2 years; closed period |
| Amortization Period for new Gains/Losses | 30 years | 30 years | 30 years |
| Asset Valuation Method | Amortized Cost | 10-year Smoothed Market | 10-year Smoothed Market |
| Actuarial assumptions: | | | |
| Investment Rate of Return * | 7.5% | 7.5% | 7.0% ** |
| Projected Salary Increases * | Varies by age and service | Varies by age and service | Varies by age and service |
| * Includes Inflation at | 3.00% | 3.00% | 3.00% |
| Cost-of-Living Adjustments | 2.1% | 2.1% | 2.1% |

** 7.5% for 12/31/10 valuation prior to restructuring

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

Funding Status and Funding Progress

In June 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status at December 31, 2010, under the two separate actuarial valuations, is presented as follows:

| Actuarial Valuation Date | Actuarial Value of Assets | Actuarial Accrued Liability (AAL) | Funded Ratio | Unfunded AAL (UAAL) | Covered Payroll | UAAL as a Percentage of Covered Payroll |
|---|---|---|---|---|---|---|
| | (1) | (2) | (3) | (4) | (5) | (6) |
| | | | (1)/(2) | (2) - (1) | | (4)/(5) |
| 12/31/2010 - (a) | $ 17,687,889 | $ 25,606,275 | 69.1% | $ 7,918,386 | $ 12,898,447 | 61.4% |
| 12/31/2010 - (b) | 20,002,082 | 28,609,034 | 69.9% | 8,606,952 | 12,898,447 | 66.7% |

(a) Actuarial valuation performed under the original fund structure.
(b) Actuarial valuation performed under the new fund structure.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

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.

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.

## Note 7: RETIREMENT PLAN (continued)

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, 2011, 2010 and 2009 were $18,674, $18,336, and $19,163, 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 251 active employees and 12 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.

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, 2011 is as follows:

| | | |
|---|---|---|
| Annual Required Contribution (ARC) | $ | 86,071 |
| Interest on OPEB Obligation | | 11,380 |
| Adjustment to the ARC | | (10,544) |
| Annual OPEB Cost | | 86,907 |
| Net estimated employer contributions | | (13,862) |
| Increase (Decrease) in Net OPEB Obligation | | 73,045 |
| Net OPEB Obligation, beginning of year | | 252,897 |
| Net OPEB Obligation, end of year | $ | 325,942 |

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

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

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:

Trend Information

| Fiscal Year Ended | 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% |
| 9/30/2011 | 13,862 | 86,907 | 16.0% | 325,942 | 86,071 | 16.1% |

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 54 as of December 31, 2010 is as follows:

| 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 |
|---|---|---|---|---|---|---|
| 12/31/2008 | - | 747,146 | 747,146 | 0% | 10,814,036 | 6.9% |
| 12/31/2010 | $ - | $ 614,779 | $ 614,779 | 0% | $ 12,898,447 | 4.8% |

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial liability exceeding actuarial assets by $614,779 at December 31, 2010.

Actuarial Methods and Assumptions

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

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

| | |
|---|---|
| Actuarial Valuation Date | 12/31/2010 |
| 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 | 9% in 2011 decreasing by 0.5% in 9 years to an ultimate rate of 4.5% |
| The number of active members is assumed to remain constant in the future | |

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

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

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

**Note 9: RISK MANAGEMENT**

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

**Note 10: COMMITMENTS AND CONTINGENCIES**

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

Estimated costs to complete significant construction projects in progress at year-end totaled approximately $515,700 for the Capital Projects Fund and $181,096 for the Utility Fund.

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. In December 2009, the City made the scheduled payment in the amount of $5 million. The City made the $4 million scheduled payment in December 2010. As all performance requirements had been met by the developer and the City had cash reserves sufficient to complete the agreement, the $4.2 million final payment was made in August 2011, $1.2 million from the General Fund and $3 million from the Utility Fund.

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

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 | | |
|---|---|---|
| 2012 | $ | 185,683 |
| 2013 | | 184,182 |
| 2014 | | 182,683 |
| 2015 | | 185,901 |
| 2016 | | 183,701 |
| 2017-2021 | | 920,163 |
| 2022-2026 | | 916,569 |
| 2027-2031 | | 920,900 |
| 2032-2035 | | 731,213 |
| | $ | 4,410,995 |

On September 28, 2011, the City entered into a lease agreement with the Travis County Emergency Services District No. 2 to lease building space. The lease commenced on October 1, 2011 and runs sixty months. The City has the right to extend the lease for five one-year periods. Future payments due under the agreement are as follows:

| Fiscal Year | | |
|---|---|---|
| 2012 | $ | 116,045 |
| 2013 | | 116,045 |
| 2014 | | 116,045 |
| 2015 | | 123,298 |
| 2016 | | 123,298 |
| | $ | 594,730 |

## Note 11: FUND BALANCE

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

*Nonspendable* fund balance includes fund balance that cannot be spent either because it is not in spendable form or because of legal or contractual constraints. At September 30, 2011, the City had no nonspendable fund balances.

*Restricted* fund balance includes amounts that can be spent only for the specific purposes stipulated by constitution, external resource providers, or through enabling legislation. Debt service fund balance restricted for the retirement of funded indebtedness totaled $2,229,497 as of September 30, 2011. Fund balance restricted for capital projects totaled $16,421,439 as of September 31, 2011. Special revenue fund balance restricted for specific programs included seizure funds, child safety fees, LEOSE training funds, municipal court funds, bike rodeo and Blue Santa and totaled $63,800, $59,893, $11,186, $156,328, $1,324, and $12,064, respectively, as of September 30, 2011.

*Committed* fund balance is established and modified by a resolution from City Council and can be used only for the specified purposes determined by the Council's resolution. Special revenue fund balance committed for specific programs consisted of fund balance committed to the Deutschen Pfest and totaled $73,991 as of September 30, 2011. General fund balance of $2,765,000 was committed to a general capital reserve as of September 30, 2011.

*Assigned* fund balance is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has delegated the authority to assign fund balance to the City Manager. Special revenue fund balance assigned included animal shelter and CERT and totaled $10,717 and $3,477, respectively, as of September 30, 2011.

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

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

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

## Note 12: PRIOR PERIOD ADJUSTMENT

The City determined that contract revenue from the Pflugerville Independent School District Police Department was not properly accrued in the prior year. As a result, fund balance was increased in the general fund by $41,031 at September 30, 2010.

The PCDC determined that checks written in prior years and voided in 2011 should be recorded to beginning fund balance rather than 2011 activity. As a result, fund balance was increased by $40,000 at September 30, 2010.

# REQUIRED
# SUPPLEMENTAL INFORMATION

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

| Fiscal Year (1) | | Actuarial Value of Assets | Actuarial Accrued Liability AAL (1) | Funded Ratio | Unfunded Actuarial Accrued Liability UAAL (1) | Covered Payroll | UAAL as a % of Covered Payroll |
|---|---|---|---|---|---|---|---|
| 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% |
| 2011 | (2) | 17,687,889 | 25,606,275 | 69.1% | 7,918,386 | 12,898,447 | 61.4% |
| 2011 | (3) | 20,002,082 | 28,609,034 | 69.9% | 8,606,952 | 12,898,447 | 66.7% |

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.

(2) Actuarial valuation performed under the original fund structure.
(3) Actuarial valuation performed under the new fund structure.

# STATISTICAL SECTION

# STATISTICAL SECTION

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

**Contents** **Page**


Financial Trends 65

*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time*.

Revenue Capacity 72

*These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.*

Debt Capacity 79

*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.*

Demographic and Economic Information 84

*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Operating Information 87

*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.*


**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)**

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Governmental activities | | | | | | | | | |
| Invested in capital assets, net of related debt | $ (3,443) | $ 2,897 | $ 3,761 | $ 158,527 | $ 156,133 | $ 159,687 | $ 153,437 | $ 149,792 | $ 143,269 |
| Restricted | 977 | 1,124 | 1,020 | 1,120 | 1,242 | 2,100 | 1,849 | 1,508 | 1,636 |
| Unrestricted | 6,307 | 6,449 | 6,505 | 7,047 | 8,188 | 6,756 | 10,961 | 9,637 | 11,622 |
| Total governmental activities net assets | $ 3,841 | $ 10,470 | $ 11,286 | $ 166,694 | $ 165,563 | $ 168,544 | $ 166,246 | $ 160,937 | $ 156,527 |
| Business-type activities | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 15,401 | $ 30,062 | $ 33,517 | $ 55,866 | $ 53,876 | $ 58,301 | $ 61,139 | $ 64,633 | $ 69,065 |
| Restricted | 4,304 | 6,614 | 9,011 | 10,623 | 11,462 | 10,403 | 9,578 | 7,354 | 6,679 |
| Unrestricted | 6,724 | 3,795 | 3,358 | 4,280 | 9,108 | 9,798 | 10,145 | 9,061 | 10,089 |
| Total business-type activities net assets | $ 26,430 | $ 40,470 | $ 45,886 | $ 70,769 | $ 74,445 | $ 78,502 | $ 80,863 | $ 81,047 | $ 85,833 |
| Primary government | | | | | | | | | |
| Invested in capital assets, net of related debt | $ 11,959 | $ 32,959 | $ 37,278 | $ 214,393 | $ 210,009 | $ 217,988 | $ 214,577 | $ 214,425 | $ 212,334 |
| Restricted | 5,281 | 7,737 | 10,030 | 11,743 | 12,704 | 12,503 | 11,427 | 8,862 | 8,315 |
| Unrestricted | 13,031 | 10,244 | 9,863 | 11,327 | 17,296 | 16,555 | 21,106 | 18,698 | 21,711 |
| Total primary government net assets | $ 30,271 | $ 50,940 | $ 57,172 | $ 237,463 | $ 240,008 | $ 247,045 | $ 247,109 | $ 241,984 | $ 242,360 |

*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)**

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| **Expenses** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| Governmental activities: | | | | | | | | | |
| General government | $ 2,154 | $ 2,393 | $ 2,755 | $ 2,971 | $ 3,789 | $ 4,341 | $ 4,903 | $ 4,925 | $ 6,079 |
| Public safety | 5,134 | 5,311 | 5,976 | 6,117 | 6,560 | 7,662 | 9,435 | 10,598 | 10,643 |
| Public works and streets | 2,030 | 2,144 | 2,920 | 8,969 | 9,856 | 11,423 | 11,099 | 13,447 | 12,047 |
| Culture/Recreation | 3,096 | 2,188 | 2,556 | 2,782 | 2,905 | 3,086 | 3,563 | 3,610 | 3,672 |
| Interest on long term debt | 1,874 | 1,844 | 1,877 | 1,997 | 2,132 | 2,504 | 3,005 | 3,537 | 3,520 |
| Total governmental activities expenses | 14,287 | 13,881 | 16,084 | 22,836 | 25,243 | 29,017 | 32,005 | 36,118 | 35,961 |
| Business-type expenses: | | | | | | | | | |
| Water and wastewater | 6,775 | 9,007 | 10,360 | 12,539 | 15,390 | 16,467 | 18,016 | 16,211 | 17,744 |
| Solid waste | 994 | 892 | 1,021 | 1,224 | 1,734 | 2,328 | 2,816 | 3,273 | 3,475 |
| Total business-type expenses | 7,770 | 9,899 | 11,382 | 13,762 | 17,125 | 18,796 | 20,832 | 19,484 | 21,219 |
| Total primary government expenses | $ 22,057 | $ 23,780 | $ 27,466 | $ 36,598 | $ 42,367 | $ 47,813 | $ 52,836 | $ 55,602 | $ 57,180 |
| **Program Revenues** | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Charges for services: | | | | | | | | | |
| General government | $ 1,997 | $ 1,216 | $ 1,701 | $ 1,762 | $ 2,003 | $ 1,557 | $ 837 | $ 539 | $ 648 |
| Public safety | 837 | 1,035 | 1,013 | 734 | 928 | 1,447 | 2,710 | 2,496 | 2,788 |
| Public works and streets | - | - | - | - | - | - | - | - | - |
| Culture and recreation | 467 | 573 | 629 | 647 | 709 | 744 | 736 | 791 | 737 |
| Operating grants and contributions | 275 | 224 | 335 | 255 | 522 | 150 | 87 | 349 | 283 |
| Capital grants and contributions | 3,456 | 6,120 | 886 | 3,913 | 4,469 | 9,314 | 3,918 | 3,275 | 1,910 |
| Total governmental activities program revenues | 7,032 | 9,168 | 4,563 | 7,312 | 8,631 | 13,211 | 8,290 | 7,450 | 6,367 |
| 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 | 18,869 |
| Solid waste | 917 | 965 | 1,023 | 1,129 | 1,693 | 2,388 | 2,856 | 3,300 | 3,484 |
| Operating grants and contributions | - | - | - | - | 6 | - | - | - | - |
| Capital grants and contributions | 10,135 | 14,482 | 4,627 | 13,911 | 7,823 | 4,174 | 4,403 | 1,184 | 4,183 |
| Total business-type activities program revenues | 18,503 | 24,090 | 16,307 | 27,412 | 21,278 | 21,647 | 23,546 | 20,058 | 26,536 |
| Total primary government program revenues | $ 25,535 | $ 33,258 | $ 20,870 | $ 34,724 | $ 29,908 | $ 34,858 | $ 31,836 | $ 27,508 | $ 32,903 |

## Changes in Net Assets (cont.)

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Net (expense)/revenue | | | | | | | | | |
| Governmental activities: | (7,255) | (4,713) | (11,521) | (15,524) | (16,612) | (15,806) | (23,715) | (28,668) | (29,594) |
| Business-type activities: | 10,733 | 14,191 | 4,925 | 13,649 | 4,153 | 2,852 | 2,714 | 574 | 5,317 |
| Total primary government net expense | $ 3,478 | $ 9,478 | $ (6,596) | $ (1,874) | $ (12,459) | $ (12,955) | $ (21,000) | $ (28,094) | $ (24,277) |
| **General Revenues and Other Changes in Net Assets** | | | | | | | | | |
| Governmental activities: | | | | | | | | | |
| Taxes | | | | | | | | | |
| Property taxes | $ 7,443 | $ 7,814 | $ 8,388 | $ 9,034 | $ 9,637 | $ 11,753 | $ 15,271 | $ 16,261 | $ 16,940 |
| Sales taxes | 1,176 | 1,298 | 1,555 | 1,745 | 2,399 | 2,764 | 3,213 | 3,364 | 3,898 |
| Franchise taxes | 1,076 | 1,274 | 1,333 | 1,637 | 1,781 | 2,131 | 2,438 | 2,595 | 2,999 |
| Alcoholic beverage taxes | 11 | 11 | 11 | 13 | 19 | 30 | 26 | 22 | 28 |
| Investment earnings | 263 | 391 | 434 | 786 | 931 | 681 | 202 | 86 | 58 |
| Other income | 99 | 79 | 169 | 151 | 263 | 367 | 187 | 736 | 494 |
| Gain (loss) on sale of capital assets | - | (78) | - | - | 1 | - | - | 9 | 27 |
| Transfers | 407 | 450 | 450 | 450 | 450 | 500 | 500 | 500 | 700 |
| Total governmental activities | 10,474 | 11,239 | 12,340 | 13,815 | 15,481 | 18,226 | 21,837 | 23,574 | 25,144 |
| Business-type activities: | | | | | | | | | |
| Investment earnings | 382 | 300 | 940 | 1,246 | 1,337 | 720 | 147 | 56 | 32 |
| Other income | - | - | - | - | - | - | - | 50 | 136 |
| Gain (loss) on sale of capital assets | - | - | - | - | - | 5 | - | 5 | - |
| Transfers | (407) | (450) | (450) | (450) | (450) | (500) | (500) | (500) | (700) |
| Total business type activities | (24) | (150) | 490 | 796 | 887 | 225 | (353) | (389) | (532) |
| Total primary government | $ 10,450 | $ 11,089 | $ 12,830 | $ 14,611 | $ 16,368 | $ 18,451 | $ 21,484 | $ 23,185 | $ 24,612 |
| **Change in Net Assets** | | | | | | | | | |
| Governmental activities | $ 3,219 | $ 6,526 | $ 819 | $ (1,708) | $ (1,131) | $ 2,420 | $ (1,877) | $ (5,093) | $ (4,451) |
| Business-type activities | 10,709 | 14,041 | 5,415 | 14,452 | 5,040 | 3,077 | 2,361 | 184 | 4,786 |
| Total primary government | $ 13,928 | $ 20,567 | $ 6,234 | $ 12,743 | $ 3,909 | $ 5,497 | $ 484 | $ (4,909) | $ 335 |

*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 | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| General Fund | | | | | | | | | | |
| Reserved | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - | $ - |
| Unreserved | 5,645 | 6,174 | 6,383 | 6,560 | 6,996 | 8,068 | 7,838 | 9,398 | 7,897 | - |
| Committed | - | - | - | - | - | - | - | - | - | 2,765 |
| Unassigned | - | - | - | - | - | - | - | - | - | 6,844 |
| Total general fund | $ 5,645 | $ 6,174 | $ 6,383 | $ 6,560 | $ 6,996 | $ 8,068 | $ 7,838 | $ 9,398 | $ 7,897 | $ 9,609 |
| All other governmental funds | | | | | | | | | | |
| Reserved | $ 15,085 | $ 12,869 | $ 8,971 | $ 10,379 | $ 8,740 | $ 2,712 | $ 1,744 | $ 1,723 | $ 2,070 | $ - |
| Unreserved, reported in: | | | | | | | | | | |
| Special revenue funds | 171 | 213 | 155 | 189 | 168 | 260 | 292 | 280 | 371 | - |
| Capital projects funds | - | - | - | - | - | - | 7,427 | 14,863 | 18,594 | - |
| Restricted | - | - | - | - | - | - | - | - | - | 18,956 |
| Committed | - | - | - | - | - | - | - | - | - | 74 |
| Assigned | - | - | - | - | - | - | - | - | - | 14 |
| Unassigned | - | - | - | - | - | - | - | - | - | (38) |
| Total all other governmental funds | $ 15,256 | $ 13,082 | $ 9,126 | $ 10,568 | $ 8,908 | $ 2,972 | $ 9,463 | $ 16,866 | $ 21,035 | $ 19,006 |

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

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

| Fiscal Year | Property Tax | Sales Tax | Franchise Tax | Alcoholic Beverage Tax | Total |
|---|---|---|---|---|---|
| 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 |
| 2011 | 16,939,622 | 3,897,834 | 2,998,551 | 28,324 | 23,864,331 |

**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 | 2011 |
| **Revenues** | | | | | | | | | |
| Taxes | $ 9,705 | $ 10,379 | $ 11,287 | $ 12,429 | $ 13,796 | $ 16,713 | $ 20,770 | $ 22,268 | $ 23,862 |
| Licenses and permits | 2,023 | 1,237 | 1,722 | 1,674 | 1,887 | 1,344 | 610 | 588 | 696 |
| Intergovernmental | 260 | 668 | 324 | 376 | 739 | 244 | 3,492 | 1,618 | 1,878 |
| Fines | 830 | 1,028 | 1,012 | 660 | 918 | 921 | 1,053 | 1,134 | 1,189 |
| Interest income | 263 | 391 | 434 | 786 | 931 | 681 | 202 | 86 | 58 |
| Miscellaneous | 565 | 677 | 790 | 1,986 | 1,154 | 2,047 | 3,119 | 2,891 | 1,185 |
| Total revenues | 13,645 | 14,380 | 15,568 | 17,911 | 19,425 | 21,951 | 29,246 | 28,585 | 28,870 |
| **Expenditures** | | | | | | | | | |
| General government | $ 1,873 | $ 2,170 | $ 2,470 | $ 2,743 | $ 3,535 | $ 4,184 | $ 4,489 | $ 4,581 | $ 4,824 |
| Public safety | 4,725 | 4,930 | 5,519 | 5,749 | 6,049 | 7,368 | 8,889 | 9,851 | 9,913 |
| Public works and streets | 1,366 | 1,430 | 1,843 | 1,733 | 2,234 | 2,682 | 1,910 | 1,787 | 1,841 |
| Culture and recreation | 1,719 | 1,886 | 2,158 | 2,259 | 2,453 | 2,904 | 3,174 | 3,226 | 3,251 |
| Capital outlay | 3,916 | 5,463 | 2,585 | 7,208 | 11,791 | 5,884 | 11,369 | 12,545 | 10,536 |
| Debt Service | | | | | | | | | |
| Principal | 912 | 1,071 | 1,068 | 1,172 | 1,122 | 1,219 | 1,535 | 1,852 | 2,272 |
| Interest | 2,087 | 1,845 | 1,883 | 1,976 | 2,096 | 2,411 | 2,847 | 3,317 | 3,373 |
| Other Charges | 3 | 5 | 72 | 93 | 193 | 333 | 508 | 502 | 370 |
| Total expenditures | 16,601 | 18,799 | 17,598 | 22,932 | 29,474 | 26,986 | 34,721 | 37,661 | 36,381 |
| Excess of revenues over (under) expenditures | $ (2,956) | $ (4,420) | $ (2,030) | $ (5,021) | $ (10,049) | $ (5,035) | $ (5,475) | $ (9,076) | $ (7,511) |

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

| | Fiscal Year | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| **Other financing sources (uses)** | | | | | | | | | |
| Transfers in | $ 1,041 | $ 493 | $ 450 | $ 450 | $ 450 | $ 545 | $ 500 | $ 507 | $ 826 |
| Transfers out | (634) | (43) | - | - | - | (45) | - | (7) | (126) |
| Bonds issued | 713 | - | 3,000 | 3,400 | 4,785 | 10,315 | 14,500 | 14,382 | 16,229 |
| Premium on bonds issued | - | - | 92 | 83 | - | 111 | - | 43 | 388 |
| Discount on bonds issued | - | - | - | - | (50) | - | (154) | (97) | (9) |
| Payment to bond refunding escrow agent | | - | - | - | - | - | - | (2,902) | (10,282) |
| Capital leases | 230 | - | - | - | - | - | - | - | - |
| Insurance Recoveries | - | - | - | - | - | 6 | 6 | 29 | 101 |
| Sale of capital assets | 6 | 123 | 6 | - | - | 1 | 7 | 9 | 27 |
| Total other financing sources (uses) | 1,356 | 573 | 3,548 | 3,933 | 5,185 | 10,933 | 14,859 | 11,964 | 7,153 |
| Net change in fund balances | $ (1,600) | $ (3,846) | $ 1,518 | $ (1,088) | $ (4,863) | $ 5,898 | $ 9,384 | $ 2,889 | $ (358) |
| Capital Outlay including amounts reported under departmental expenditures | $ 2,410 | $ 5,366 | $ 2,025 | $ 7,229 | $ 11,471 | $ 6,259 | $ 11,211 | $ 12,232 | $ 9,285 |
| Debt service as a percentage of noncapital expenditures | 21.1% | 21.7% | 18.9% | 20.0% | 17.9% | 17.5% | 18.6% | 20.3% | 20.8% |

*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**

| | Real Property | | | Less: | | | | | |
|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Residential Property | Commercial Property | Personal Property | Tax Exempt Real Property | 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 |
| 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% |
| 2011 | 2,273,827,616 | 546,581,824 | 196,080,703 | 235,132,531 | 2,781,357,612 | 6.00% | 0.6040 | 2,781,357,612 | 100.0% |

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**

| | City of Pflugerville | | | Travis County | | | Pflugerville Independent School District | | | Travis County Emergency Services District #2 | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | 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 | Travis County Hospital District [1] | Total Direct & Overlapping Rates |
| 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 |
| 2011 | 0.4101 | 0.1939 | 0.6040 | 0.3858 | 0.0800 | 0.4658 | 1.0400 | 0.4400 | 1.4600 | 0.0938 | 0.0062 | 0.1000 | 0.0719 | 2.7017 |

* O & M: Operations and Maintenance.

[1] 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**

| | | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|---|
| **Water Rates** | | | | | | | | | | | |
| Base Charge | | $ 8.15 | $ 11.00 | $ 12.45 | $ 13.68 | $ 13.68 | $ 13.68 | $ 13.68 | $ 13.68 | $ 13.68 | $ 13.68 |
| Usage: | | | | | | | | | | | |
| 0 - 12,000 | gallons | | | | | | | $ 4.35 | $ 4.35 | $ 4.35 | $ 4.35 |
| 0 - 15,000 | gallons | $ 2.68 | $ 3.62 | $ 4.10 | $ 4.51 | $ 4.51 | $ 4.51 | | | | |
| 15,001 - 20,000 | gallons | $ 2.73 | $ 3.68 | $ 4.17 | $ 4.59 | $ 4.59 | $ 4.59 | | | | |
| 12,000 - 26,000 | gallons | | | | | | | $ 4.61 | $ 4.61 | $ 4.61 | $ 4.61 |
| 20,001 - 25,000 | gallons | $ 2.79 | $ 3.77 | $ 4.27 | $ 4.70 | $ 4.70 | $ 4.70 | | | | |
| 25,001 - 30,000 | gallons | $ 2.84 | $ 3.83 | $ 4.34 | $ 4.78 | $ 4.78 | $ 4.78 | | | | |
| 26,001 + | gallons | | | | | | | $ 4.73 | $ 4.73 | $ 4.73 | $ 4.73 |
| 30,001 - 35,000 | gallons | $ 2.89 | $ 3.90 | $ 4.42 | $ 4.86 | $ 4.86 | $ 4.86 | | | | |
| 35,001 - 40,000 | gallons | $ 2.95 | $ 3.98 | $ 4.51 | $ 4.96 | $ 4.96 | $ 4.96 | | | | |
| 40,001 - 45,000 | gallons | $ 3.00 | $ 4.05 | $ 4.59 | $ 5.05 | $ 5.05 | $ 5.05 | | | | |
| 45,000 + | gallons | $ 3.05 | $ 4.12 | $ 4.67 | $ 5.14 | $ 5.14 | $ 5.14 | | | | |
| **Wastewater Rates** | | | | | | | | | | | |
| Base (4,000 gallons) | | $ 13.20 | $ 15.00 | $ 16.95 | $ 18.50 | $ 18.50 | $ 18.50 | | | | |
| Base (3,000 gallons) | | | | | | | | $ 18.50 | $ 18.50 | $ 18.50 | $ 18.50 |
| Usage per 1,000 gallons | | $ 3.00 | $ 3.00 | $ 3.40 | $ 3.72 | $ 3.72 | $ 3.72 | $ 3.51 | $ 3.51 | $ 3.51 | $ 3.51 |
| City average (new customers) | | $ 26.81 | $ 28.61 | $ 34.17 | $ 33.63 | $ 33.63 | $ 24.76 | $ 27.65 | $ 30.61 | $ 26.04 | $ 28.30 |

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: Utiltiy Billing Department

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

| | 2011 | | | 2002 | | |
|---|---|---|---|---|---|---|
| **Taxpayer** | **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. | $ 47,181,318 | 1 | 1.70% | $ - | | - |
| SCA 115 Swenson LLC | 21,700,000 | 2 | 0.75% | - | | - |
| Pflugerville Covington | 20,357,414 | 3 | 0.71% | - | | - |
| Target Corporation | 20,245,134 | 4 | 0.73% | - | | - |
| Oncor Electric Delivery Company | 20,170,584 | 5 | 0.73% | - | | - |
| Wal-Mart Real Estate Business Trust | 15,809,268 | 6 | 0.55% | - | | - |
| Timmerman Terrell | 13,686,546 | 7 | 0.48% | - | | - |
| Home Depot | 12,783,669 | 8 | 0.47% | - | | - |
| Butt H. E. Grocery Co. | 9,814,916 | 9 | 0.44% | 8,530,602 | 3 | 0.88% |
| Verde Meister Lane LP | 9,259,928 | 10 | 0.39% | - | | - |
| Texas Electric Utilities | - | | - | 12,856,620 | 1 | 1.33% |
| Southwestern Bell Telephone | - | | - | 10,516,830 | 2 | 1.09% |
| 1825 Place Limited Partnership | - | | - | 6,737,788 | 4 | 0.70% |
| New Wells Point Limited Partnership | - | | - | 4,515,724 | 5 | 0.47% |
| Hobbs & Curry Family LP | - | | - | 4,485,000 | 6 | 0.47% |
| KO Limited Partnership | - | | - | 4,427,554 | 7 | 0.46% |
| Heatherwilde Group Limited | - | | - | 4,374,253 | 8 | 0.45% |
| Albertsons, Inc. | - | | - | 4,175,000 | 9 | 0.43% |
| Sun Communities Texas Limited | - | | - | 4,094,379 | 10 | 0.42% |
| | $ 191,008,777 | | 6.95% | $ 64,713,750 | | 6.70% |

Source: Travis Central Appraisal District

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

| | Water | | Wastewater | |
|---|---|---|---|---|
| Fiscal Year | Water Customers | Percentage of Change | Wastewater Customers | Percentage of Change |
| 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% |
| 2011 | 12,640 | 4.0% | 13,567 | 3.8% |

Source: Utility Billing department.

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

| Fiscal Year | Original Tax Levy for the Fiscal Year[1] | Adjusted Tax Levy for the Fiscal Year[2] | Collected within the fiscal year of the Levy | | Tax Collections in Subsequent Years | Total Tax Collections | Total Collections as a Percent of Levy |
|---|---|---|---|---|---|---|---|
| | | | Amount | Percent of Levy | | | |
| 2002 | $ 6,088,444 | $ 6,081,497 | $ 6,069,663 | 99.81% | $ 3,325 | $ 6,072,988 | 99.86% |
| 2003 | 7,412,826 | 7,404,392 | 7,393,750 | 99.86% | 248 | 7,393,998 | 99.86% |
| 2004 | 7,687,132 | 7,692,549 | 7,594,512 | 98.73% | 86,161 | 7,680,673 | 99.85% |
| 2005 | 8,389,615 | 8,348,419 | 8,332,240 | 99.81% | 8,442 | 8,340,682 | 99.91% |
| 2006 | 8,937,150 | 8,926,348 | 8,845,096 | 99.09% | 72,367 | 8,917,463 | 99.90% |
| 2007 | 9,451,101 | 9,474,175 | 9,325,408 | 98.43% | 136,412 | 9,461,820 | 99.87% |
| 2008 | 11,702,010 | 11,668,894 | 11,616,369 | 99.55% | 21,247 | 11,637,616 | 99.73% |
| 2009 | 15,268,751 | 15,055,257 | 14,952,362 | 99.32% | 53,508 | 15,005,870 | 99.67% |
| 2010 | 15,964,196 | 16,260,264 | 16,063,222 | 98.79% | 109,599 | 16,172,821 | 99.46% |
| 2011 | 16,780,548 | 16,957,109 | 16,778,736 | 98.95% | - | 16,778,736 | 98.95% |

Source: Travis Central Appraisal District; Williamson County Appraisal District

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

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

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

| Fiscal Year | Water Revenue | Wastewater Revenue |
|---|---|---|
| 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 |
| 2011 | 13,362,222 | 5,506,942 |

Source: City Financial Reports

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

| | Governmental Activities | | | | Business-Type Activities | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|---|
| Fiscal Year | General Obligation Bonds[1] | 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 | Total Primary Government Debt | Percentage of Personal Income[2] | Per Capita |
| 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 |
| 2011 | 17,505 | 49,129 | 12,213 | - | - | 39,341 | - | 33,171 | 7,692 | - | 159,050 | 11.08% | 3,097 |

Source: City Financial Reports

[1] General Obligation Bonds include Limited Tax Bonds.

[2] See the Demographics Statistics on page 84 for personal income and population data.

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

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

| Fiscal Year | General Obligation Bonds | Certificates of Obligation | Refunding Bonds | Less: Amounts Available in Debt Service Fund | Total | Percentage of Estimated Actual Taxable Value of Property | Per Capita |
|---|---|---|---|---|---|---|---|
| 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 |
| 2011 | 17,505 | 49,129 | 12,213 | 2,229 | 76,618 | 2.75% | 1,492 |

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

**City of Pflugerville**
**Direct and Overlapping Governmental Activities Debt**
**September 30, 2011**

| Taxing Body | Debt Outstanding[1] | Estimated Percentage Applicable[2] | Taxable Assessed Property Value[3] | Estimated Share of Overlapping Debt |
|---|---|---|---|---|
| **Estimated Overlapping Debt:** | | | | |
| Travis County MUD #15 | $ 6,830,000 | 100.00% | $ 172,729,963 | $ 6,830,000 |
| Travis County E.S.D. #2 | 1,820,000 | 44.23% | 5,908,378,160 | 804,986 |
| Pflugerville I.S.D. | 346,040,000 | 38.17% | 6,874,293,804 | 132,083,468 |
| North East Travis County Utility District | 18,050,000 | 3.20% | 154,563,198 | 577,600 |
| Travis County | 431,125,000 | 2.66% | 98,083,100,439 | 11,467,925 |
| Williamson County | 821,934,941 | 0.04% | 29,295,164,462 | 328,774 |
| Total estimated overlapping debt | 1,625,799,941 | 9.35% | 140,488,230,026 | 152,092,753 |
| **Direct Debt - City of Pflugerville** | 78,846,650 | 100.00% | 2,781,357,612 | 78,846,650 |
| **Direct and Estimated Overlapping Debt** | **$1,704,646,591** | | | **$ 230,939,403** |

**Sources:**

[1] This information was developed from information contained in "Texas Municipal Reports" published by the Municipal Advisory Council of Texas. Except for the amounts relating to the City, the City has not independently verified the accuracy or completeness of such information. Furthermore, certain entities listed may have issued additional bonds since the date of the report (9/30/11), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

[2] The percentage of overlapping debt applicable is estimated using taxable property values.

[3] Individual taxing bodies and Travis Central Appraisal District.

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
| Debt Limit | $ 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 | $ 41,720,364 |
| Total net debt applicable to limit | 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 | 5,644,637 |
| Legal debt margin | $ 12,502,097 | $ 14,899,378 | $ 15,341,315 | $ 16,885,713 | $ 18,137,252 | $ 19,530,221 | $ 24,739,953 | $ 32,921,935 | $ 34,190,814 | $ 36,075,727 |
| Total net debt applicable to the limit as a percentage of debt limit | 13.59% | 15.47% | 14.87% | 14.10% | 14.17% | 14.11% | 12.85% | 11.83% | 13.13% | 13.53% |

**Legal Debt Margin Calculation for Fiscal Year 2011**

| | | |
|---|---|---|
| Assessed Value | | $ 2,781,357,612 |
| Add Back: exempt property | | - |
| Total Assessed Value | | $ 2,781,357,612 |
| Debt limit ($1.50 per $100 of assessed valuation) | | $ 41,720,364 |
| 2011 Annual debt service applicable to limit: | | |
| General obligation - principal | $ 2,272,075 | |
| General obligation - interest | 3,372,562 | 5,644,637 |
| Legal debt margin | | $ 36,075,727 |

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**

| | | | | Debt Service Requirements | | | |
|---|---|---|---|---|---|---|---|
| **Fiscal Year** | **Gross Water and Wastewater Revenues** | **Operating Expenses (1)** | **Net Revenue Available for Debt Service** | **Principal** | **Interest** | **Total** | **Coverage** |
| 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 |
| 2011 | 19,037,632 | 10,276,803 | 8,760,829 | 1,764,325 | 3,923,325 | 5,687,650 | 1.54 |

(1) Excludes depreciation expense

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

| Fiscal Year | Population [1] | School Enrollment [2] | Total Personal Income[3] | Personal Income Per Capita[4] | Unemployment Rate[5] |
|---|---|---|---|---|---|
| 2002 | 21,738 | 14,422 | 570,100,788 | 26,226 | 5.90 |
| 2003 | 24,527 | 14,990 | 643,245,102 | 26,226 | 6.00 |
| 2004 | 25,480 | 16,575 | 668,238,480 | 26,226 | 5.10 |
| 2005 | 28,039 | 18,703 | 735,350,814 | 26,226 | 4.50 |
| 2006 | 28,939 | 19,696 | 821,954,417 | 28,403 | 4.20 |
| 2007 | 35,468 | 19,850 | 1,007,397,604 | 28,403 | 3.70 |
| 2008 | 41,817 | 19,696 | 1,187,728,251 | 28,403 | 4.40 |
| 2009 | 47,417 | 21,288 | 1,346,785,051 | 28,403 | 6.90 |
| 2010 | 50,850 | 22,871 | 1,444,292,550 | 28,403 | 7.10 |
| 2011 | 50,387 [6] | 23,287 | 1,421,769,979 | 28,217 | 7.50 |

[1] City of Pflugerville Planning Department.

[2] Pflugerville Independent School District website.

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

[4] 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.
2011 Personal Income per capita from the 2006-2010 U.S. Census Bureau Demographic Profile.

[5] Austin-Round Rock Metropolitan Statistical Area, obtained from the U.S. Department of Labor, Bureau of Labor Statistics.

[6] Despite population growth of approximately 1% in 2011, revisions from the 2010 Census affect a decline in the overall population.

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

| 2011 | | | 2002 | |
|---|---|---|---|---|
| **Employers** | **Employees** | **Percentage of Total City Employment** | **Employers** | **Employees** |
| **Pflugerville ISD** | 1,351 | 23.4% | **Pflugerville ISD** | 1,500 |
| **WalMart** | 325 | 5.6% | **Tandem Computers** | 600 |
| **City of Pflugerville** | 295 | 5.1% | **Radian Corporation** | 420 |
| **HEB** | 200 | 3.5% | **Rolm Industries** | 300 |
| **Target** | 200 | 3.5% | **HEB** | 225 |
| **Avant Technologies** | 154 | 2.7% | **City of Pflugerville** | 171 |
| **Flextronics** | 150 | 2.6% | **Tremetrics** | 150 |
| **Austin Foam Plastics** | 137 | 2.4% | **Albertsons** | 116 |
| **Home Depot** | 125 | 2.2% | **Pflugerville Care Center** | 85 |
| **Advanced Integration** | 102 | 1.8% | **Austron** | 71 |
| **Total** | 3,039 | 53% | **Total** | 3,638 |

Notes: 2002 Data includes the greater Pflugerville area.
Percentage of total employment not available for 2002 and 2011 is estimated by the Finance Department.

Sources:
Pflugerville Community Development Corporation (Current Year)
Official Statement, Waterworks and Sewer System Revenue Bonds, Series 2002, Appendix A

**City of Pflugerville**

**Water and Wastewater Customers by Type**
**Last Ten Fiscal Years**

| | Water Customers | | | | Wastewater Customers | | | |
|---|---|---|---|---|---|---|---|---|
| Fiscal Year | Residential | Commercial | Other | Total | Residential | Commercial | Other | Total |
| 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 |
| 2011 | 12,154 | 347 | 139 | 12,640 | 13,315 | 205 | 47 | 13,567 |

Source: Utility Billing Department

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| **Function** | | | | | | | | | | |
| General Government | 11 | 12 | 13 | 14 | 15 | 20 | 24 | 22.5 | 21.5 | 21 |
| Fleet | 0 | 0 | 2 | 2 | 2 | 3 | 3 | 3 | 3.5 | 3 |
| Building Inspection | 8 | 8 | 8 | 8 | 7 | 8 | 8 | 8 | 8 | 8 |
| Planning & Development | 5 | 5 | 5 | 5 | 5.38 | 6.38 | 7.38 | 7.4 | 7.5 | 7 |
| Engineering | 3.5 | 6 | 5 | 6 | 6 | 5 | 5 | 6 | 6 | 6 |
| Streets | 16.75 | 12.75 | 10.75 | 15 | 16 | 19 | 21 | 21 | 21 | 21 |
| Water | 17 | 15 | 16.5 | 18.5 | 18.5 | 18.5 | 18 | 18 | 18.75 | 20 |
| Wastewater | 12 | 13.5 | 15.5 | 15.5 | 15.5 | 16 | 18.5 | 18.5 | 18.75 | 19 |
| Library | 8 | 9 | 8.5 | 8.51 | 9 | 11 | 12.2 | 12 | 12.2 | 12 |
| Parks & Recreation | | | | | | | | | | |
| Full Time | 15.5 | 21.5 | 22.5 | 20 | 20 | 23.5 | 27.5 | 31.5 | 31.5 | 31.5 |
| Seasonal | 11 | 15.5 | 24.5 | 24.5 | 27.5 | 27.75 | 28.25 | 28.75 | 28.75 | 28.75 |
| Police Services | | | | | | | | | | |
| Officers | 44 | 45 | 48 | 51 | 55 | 58.5 | 68.5 | 87.5 | 92.5 | 95 |
| Civilians | 13.5 | 14 | 14.67 | 15 | 16 | 18.5 | 20.5 | 23.5 | 24.5 | 24 |
| Municipal Court | 3 | 3 | 3.33 | 4 | 4 | 5 | 5 | 5 | 5 | 5.5 |
| **Total Employees** | **171.25** | **183.25** | **200.75** | **207.01** | **220.88** | **240.13** | **266.83** | **292.65** | **299.45** | **301.75** |

Source: City of Pflugerville Budget

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| Building Inspection | | | | | | | | | | |
| Residential Permits | 466 | 504 | 635 | 693 | 891 | 566 | 262 | 386 | 379 | 460 |
| Commercial Permits | 19 | 5 | 12 | 7 | 9 | 45 | 58 | 45 | 32 | 28 |
| Inspections Performed | 18,413 | 21,501 | 28,764 | 30,974 | 42,199 | 29,603 | 12,437 | 13,802 | 13,552 | 14,354 |
| Engineering | | | | | | | | | | |
| Construction Plans Reviewed | 96 | 102 | 102 | 99 | 100 | 105 | 75 | 15 | 10 | 8 |
| Construction Inspections | 11,584 | 15,000 | 15,000 | 16,500 | 17,400 | 17,100 | 16,954 | 11,700 | 9,040 | 10,080 |
| Fleet | | | | | | | | | | |
| Vehicle Inspections | 37 | 53 | 53 | 75 | 87 | 115 | 113 | 130 | 116 | 145 |
| Library | | | | | | | | | | |
| Library Visits (000) | 64 | 67 | 70 | 105 | 155 | 161 | 159 | 162 | 165 | 172 |
| Items Circulated (000) | 106 | 135 | 150 | 183 | 212 | 216 | 215 | 253 | 283 | 294 |
| Municipal Court | | | | | | | | | | |
| Cases Filed | 8,719 | 9,418 | 11,947 | 11,611 | 10,060 | 9,949 | 13,064 | 16,172 | 13,988 | 15,225 |
| Warrants Issued | 2,929 | 2,624 | 4,921 | 2,170 | 7,405 | 4,854 | 4,026 | 5,658 | 5,926 | 5,033 |
| Parks & Recreation | | | | | | | | | | |
| Recreation Center Members | 3,839 | 4,040 | 4,365 | 5,281 | 5,314 | 6,682 | 3,969 | * 1,657 | * 1,710 | * 1,770 |
| Facilities Reservations | 749 | 923 | 780 | 1,045 | 455 | 339 | 486 | 525 | 525 | 540 |
| Recreation Program Participants | 1,384 | 1,462 | 1,430 | 1,300 | 1,515 | 1,663 | 2,714 | 2,629 | 2,670 | 2,596 |
| Planning & Development | | | | | | | | | | |
| Single Family Lots Reviewed | 4,213 | 4,000 | 3,400 | 4,362 | 3,000 | 2,628 | 720 | 230 | 2,445 | 822 |
| Subdivision Plat Applications | 33 | 40 | 53 | 43 | 31 | 50 | 58 | 21 | 17 | 15 |
| Zoning Applications | 17 | 20 | 9 | 8 | 15 | 20 | 25 | 16 | 10 | 10 |

* Families are now counted as one member

**Operating Indicators by Function (continued)**

| Function | Fiscal Year 2002 | 2003 | 2004 | 2005 | 2006 | 2007 | 2008 | 2009 | 2010 | 2011 |
|---|---|---|---|---|---|---|---|---|---|---|
| Police Services | | | | | | | | | | |
| Citations Issued | 3,373 | 7,835 | 10,152 | 11,204 | 8,258 | 8,727 | 11,352 | 14,527 | 12,367 | 13,563 |
| Arrests | | | | | | | | | | |
| Felony | 147 | 170 | 152 | 166 | 170 | 278 | 252 | 242 | 255 | 295 |
| Misdemeanor | 1,525 | 1,706 | 1,456 | 1,400 | 1,502 | 1,988 | 2,613 | 2,856 | 2,453 | 2,164 |
| Calls for Service | 21,098 | 22,000 | 28,417 | 34,113 | 38,915 | 37,766 | 44,423 | 55,032 | 60,746 | 67,003 |
| Streets | | | | | | | | | | |
| Miles of Streets Maintained | 97 | 107 | 123 | 133 | 136 | 157 | 178 | 181 | 183 | 195 |
| Water | | | | | | | | | | |
| New Connections | 543 | 597 | 708 | 730 | 815 | 814 | 644 | 442 | 424 | 433 |
| Water Main Breaks | 4 | 3 | 1 | 4 | 4 | 8 | 7 | 4 | 3 | 3 |
| Average Daily Usage (MGD) | 2.90 | 3.35 | 2.55 | 3.29 | 3.62 | 3.85 | 4.97 | 5.42 | 5.29 | 6.63 |
| Wastewater | | | | | | | | | | |
| Average Daily Flow (MGD) | 1.68 | 1.82 | 2.55 | 2.40 | 2.28 | 3.07 | 3.02 | 2.94 | 3.71 | 3.15 |
| Wastewater Treated (MG) | 613 | 665 | 931 | 878 | 834 | 1,120 | 1,101 | 1,072 | 1,351 | 1,198 |
| Blockages Cleared | 73 | 83 | 115 | 84 | 116 | 76 | 73 | 95 | 76 | 67 |

Sources: Various government departments

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

| | Fiscal Year | | | | | | | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| **Function** | **2002** | **2003** | **2004** | **2005** | **2006** | **2007** | **2008** | **2009** | **2010** | **2011** |
| Fleet | | | | | | | | | | |
| Fleet Vehicles | 61 | 73 | 79 | 111 | 116 | 130 | 143 | 160 | 167 | 163 |
| Library | | | | | | | | | | |
| Libraries | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Library (sq ft) | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 | 12,500 |
| Books (000) | 34 | 39 | 43 | 51 | 44 | 51 | 56 | 56 | 60 | 64 |
| Parks & Recreation | | | | | | | | | | |
| Parks | 15 | 15 | 18 | 21 | 23 | 24 | 24 | 25 | 28 | 28 |
| Park Acreage | 268 | 268 | 351 | 400 | 475 | 485 | 495 | 520 | 617 | 674 |
| Swimming Pools | 1 | 1 | 2 | 2 | 2 | 2 | 2 | 3 | 3 | 3 |
| Recreation Centers | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Recreation Center (sq ft) | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 | 22,000 |
| Miles of Trails | 5 | 8.75 | 10.75 | 13.75 | 17 | 19 | 20 | 25 | 27 | 29 |
| Police Services | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Streets | | | | | | | | | | |
| Streets (miles) | 96.6 | 107 | 123 | 133 | 136 | 157 | 178 | 181 | 183 | 195 |
| Traffic Signals | 3 | 4 | 5 | 5 | 5 | 6 | 7 | 8 | 8 | 9 |
| Water | | | | | | | | | | |
| Surface Water Treatment Plant | 0 | 0 | 0 | 0 | 0 | 1 | 1 | 1 | 1 | 1 |
| Capacity (MGD) | 0 | 0 | 0 | 0 | 0 | 15.5 | 15.5 | 15.5 | 15.5 | 15.5 |
| Surface Water Reservoir (acres) | 0 | 0 | 0 | 0 | 180 | 180 | 180 | 180 | 180 | 180 |
| Water lines (miles) | 88 | 98 | 105 | 110 | 135 | 159 | 163 | 165 | 168 | 177 |
| Wells in Operation | 4 | 4 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Wastewater | | | | | | | | | | |
| Wastewater lines (miles) | 87.6 | 96.2 | 120.8 | 125 | 125 | 138 | 140 | 142 | 180 | 184.3 |
| Wastewater Treatment Plants | 1 | 1 | 2 | 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 | 5.6 |

Sources: Various government departments.