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PFLUGERVILLE
TEXAS

CAFR

Comprehensive Annual Financial Report

Fiscal Year Ended September 30, 2014

On the cover . . .

The Pflugerville Public Library opened a new chapter with the completion of an expansion and renovation project in 2013. The Library more than doubled in size from 12,000 square feet to 28,000 square feet. The new building includes expanded computer labs, story time rooms, and community meeting space.

The project was funded by $7 million of general obligation bonds, as approved by voters in a bond election in May of 2008.

More information about the Pflugerville Public Library at www.pflugervilletx.gov/library.

CITY OF PFLUGERVILLE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the fiscal year ended

September 30, 2014

Prepared by

Finance Department

where quality meets life

PFLUGERVILLE

TEXAS

City of Pflugerville, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2014

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City of Pflugerville, Texas
Comprehensive Annual Financial Report
Year Ended September 30, 2014

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INTRODUCTORY SECTION

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PFLUGERVILLE

TEXAS

March 5, 2015

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, 2014, 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, 2014.

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, 2014. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor's report is located at the front of the financial section of this report.

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

Profile of the government

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

The population of Pflugerville has increased from 16,335 citizens in 2000 to 54,843 citizens in 2014. 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: 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, developed into a bedroom community, and is currently transitioning into an urban suburb. 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 traditionally had to rely heavily on residential property tax for general fund operating and debt service expenditures, though sales tax is becoming a larger portion of revenue.

Through residential growth and annexation, the population has increased enough to support more businesses within the City limits. The Pflugerville Community Development Corporation (PCDC) is actively recruiting those businesses. The intersection of two major toll roadways, State Highway 130 and State Highway 45, is completely within the City and has brought significant commercial growth. A large master planned commercial development at this intersection began in 2008 and has continued developing into fiscal year 2014.

Long-term financial planning

At the end of FY 2014, the unassigned fund balance in the general fund was 50.4% of total general fund operating expenditures for the year. This percentage falls within the policy guidelines set by the Council for budgetary and planning purposes (i.e., at least 25% of total general fund expenditures). Through the use of a five-year budget planning cycle, the development of the general fund pro forma for the next five years includes the reduction of the fund balance to the 25% level. The reduction of this balance will be enhanced with the migration of general fund revenues in excess of budgeted revenue to the City's reserve funds. 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 fiscal year 2014, the water and wastewater master plans as well as the impact (capital recovery) fee study were completed. The new impact fee rates took effect October 1, 2014 helping to ensure adequate funding is received for the increased demand placed on the system by new construction. A utility rate study was also completed in 2014 to provide guidance on future rates, taking into account customer projections and system needs. Rate adjustments took effect on October 1, 2014.

General Fund Projects. Construction was completed for Colorado Sand Drive, Town Center Drive, and Pfluger Farm Lane projects. Roads and street infrastructure continued to be an important ongoing improvement in fiscal year 2014, with Kelly Lane 1A and Impact Way anticipated to be completed in 2015. In November 2014, the citizens of Pflugerville passed a bond election authorizing the issuance of $28,000,000 and $25,000,000 in bonds for transportation and parks and recreation projects, respectfully, to be issued over the next five years.

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. Additionally, during fiscal year 2014, the newly constructed 23-acre Hawaiian Falls Waterpark opened as a new water and adventure destination of central Texas. Several commercial relocations to Pflugerville brought jobs and additional tax revenue to the City including Lauren Concrete and MTech. The 130 Commerce Center included openings for Tracking Point, EIEIO, and Community Impact Headquarters as well as others. In 2015, construction will begin on the first of two planned hotels in the City and a FedEx Distribution Center will relocate to the City.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Pflugerville for its Comprehensive Annual Financial Report (CAFR) for the fiscal year ended September 30, 2013. In order to be awarded a Certificate of Achievement, the government had to publish an easily readable and efficiently organized CAFR that satisfied both generally accepted accounting principles and applicable legal requirements.

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

In addition, the City also received the GFOA Award for Outstanding Achievement in Popular Annual Financial Reporting (PAFR) for its summary financial document for the fiscal year ended September 30, 2013. In order to apply for the PAFR, the government must first have received the Certificate Achievement for Excellence in Financial Reporting.

The government also received the GFOA Distinguished Budget Presentation Award for its annual budget document for the fiscal year beginning October 1, 2013. 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 Lauren Vander Laan 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 Managers, Mayor, City Council, and members of the Finance and Budget Committee for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Pflugerville's finances. The preparation of this report would not be possible without their leadership and support.

Respectfully submitted,

Amy M. Good, CPA, CGFO
Finance Director

Government Finance Officers Association

Certificate of Achievement for Excellence in Financial Reporting

Presented to

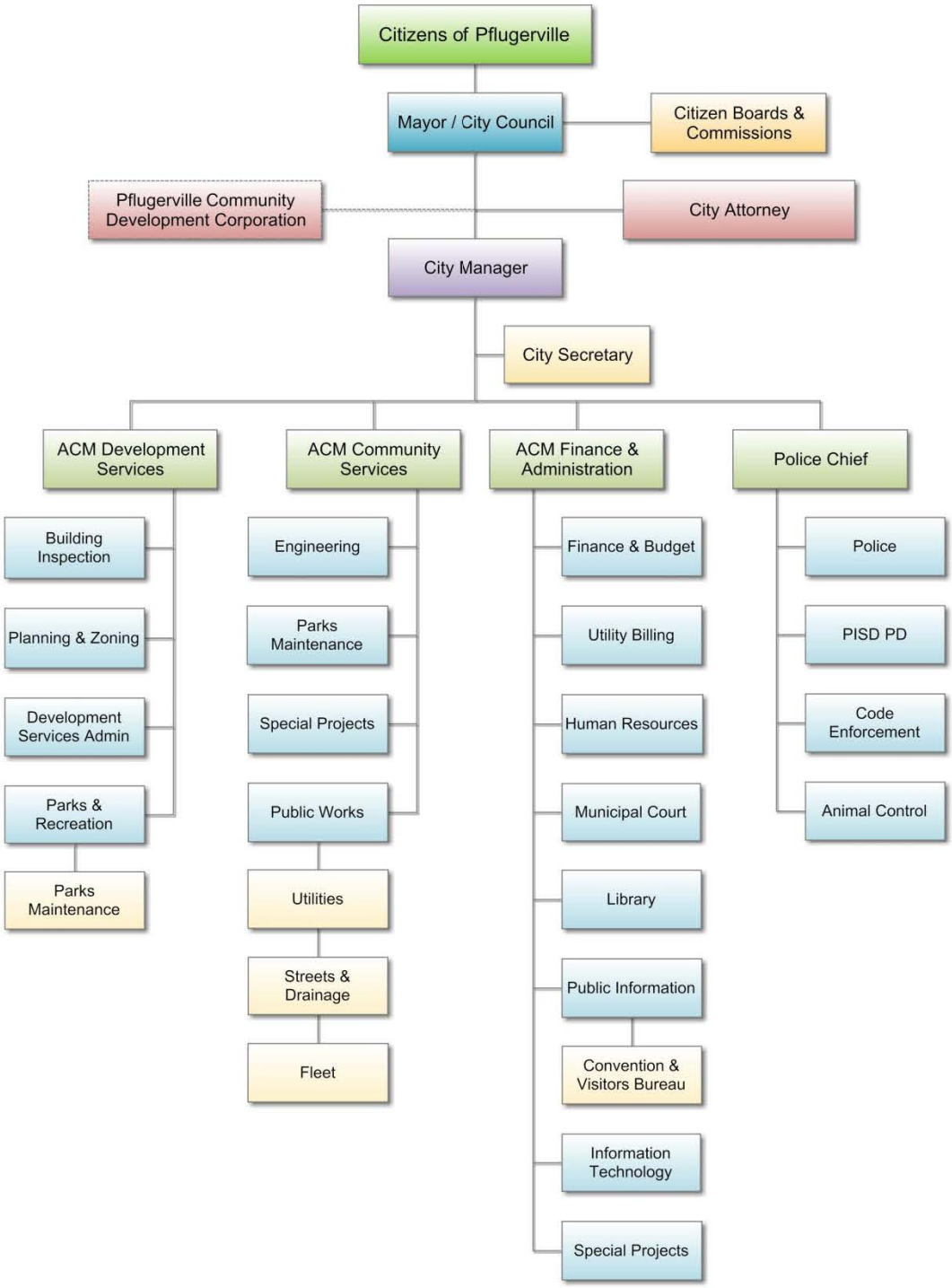
City of Pflugerville
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2013

Executive Director/CEO

City of Pflugerville, Texas
Organizational Chart



City of Pflugerville, Texas
List of Elected and Appointed Officials
as of September 30, 2014

Elected Officials

City Council
Three-Year Terms

Name	Term Expires
Jeff Coleman, Mayor	November 2016
Wayne Cooper, Mayor Pro Tem, Place 1	November 2016
Brad Marshall, Place 2	November 2014
Omar Peña, Place 3	November 2015
Starlet Sattler, Place 4	November 2014
Victor Gonzales, Place 5	November 2015

City Staff

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

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FINANCIAL SECTION

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www.dkcpa.com

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of Pflugerville, Texas (the City) as of and for the year ended September 30, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2014, and the respective changes in financial position, and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and required supplemental information on pages 15-24 and 66 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements as a whole. The introductory section, statistical section and combining schedules for the general fund are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2015, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Damis Kinard & Co, PC
Certified Public Accountants

Abilene, Texas
February 27, 2015

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, 2014. 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, 2014, by $240,158,728 (net position). Of this amount, $27,500,688 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.

- As of the close of the current fiscal year, the City of Pflugerville's governmental funds reported combined ending fund balances of $20,701,918 a decrease of $2,926,863 in comparison with the prior year. The major factor in the decrease of fund balance is the increase in expenditures for capital projects.

- At the end of the 2013-2014 fiscal year, unassigned fund balance for the general fund was $11,153,958 or 50.4% 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 2014 that amount was $5.53 million.

- The City of Pflugerville's total debt increased by $175,000 (0.1%) during the current fiscal year. The largest portion of this increase was the issuance of $4,980,000 of combination tax and revenue certificates of obligation for infrastructure projects.

Overview of the Financial Statements

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

Government-wide Financial Statements

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

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

Government-wide Financial Statements (continued)

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

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

The government-wide financial statements can be found on pages 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 reserve funds are a subset of the general fund that is not subject to the annual budget process, with spending authorized separately by the City Council. Pages 68-69 include combining schedules for these funds.

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

Fund Financial Statements (continued)

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

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

The basic proprietary fund financial statements can be found on pages 35-38 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 39-64.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain information concerning the City of Pflugerville. Required supplementary information such as progress in funding the City obligation to provide pension benefits to its employees can be found on page 66. As previously mentioned, combining schedules for the general fund can be found on pages 68-69.

Financial Analysis of the City as a Whole

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

City of Pflugerville - Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Current and other assets	$ 25,466,383	$ 28,414,910	$ 28,581,123	$ 28,506,685	$ 54,047,506	$ 56,921,595
Capital assets	198,085,449	193,575,301	152,027,457	143,312,262	350,112,906	336,887,563
Total assets	223,551,832	221,990,211	180,608,580	171,818,947	404,160,412	393,809,158
Deferred Outflows	2,087,553	2,193,772	3,955,350	4,153,333	6,042,903	6,347,105
Long-term liabilities	85,473,396	83,198,857	77,830,128	80,115,461	163,303,524	163,314,318
Other liabilities	4,488,116	4,691,749	2,252,947	2,676,951	6,741,063	7,368,700
Total liabilities	89,961,512	87,890,606	80,083,075	82,792,412	170,044,587	170,683,018
Net position:						
Net investment in capital assets	119,081,882	121,820,073	82,043,083	73,041,535	201,124,965	194,861,608
Restricted	2,691,088	2,460,256	8,841,987	6,090,629	11,533,075	8,550,885
Unrestricted	13,904,903	12,013,048	13,595,785	14,047,704	27,500,688	26,060,752
Total net position	$ 135,677,873	$ 136,293,377	$ 104,480,855	$ 93,179,868	$ 240,158,728	$ 229,473,245

Statement of Net Position: (continued)

- A portion of the City's net position, $11,533,075 (4.8%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, $27,500,688, may be used to meet the City's ongoing obligations to citizens and creditors.

- Long-term liabilities increased in the governmental funds and decreased in the proprietary funds. In the governmental funds the increase was primarily due to the issuance of debt for infrastructure. In the utility fund, the decrease was due to debt payments made on bonds.

- Net position in the proprietary fund increased due to the growth in revenue attributed to infrastructure improvements and capital contributions received from developers.

- At the end of the current fiscal year, the City of Pflugerville is able to report positive balances in all categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. This status was also true for the prior fiscal year.

The following table provides a summary of the City's operations for the year ended September 30, 2014.

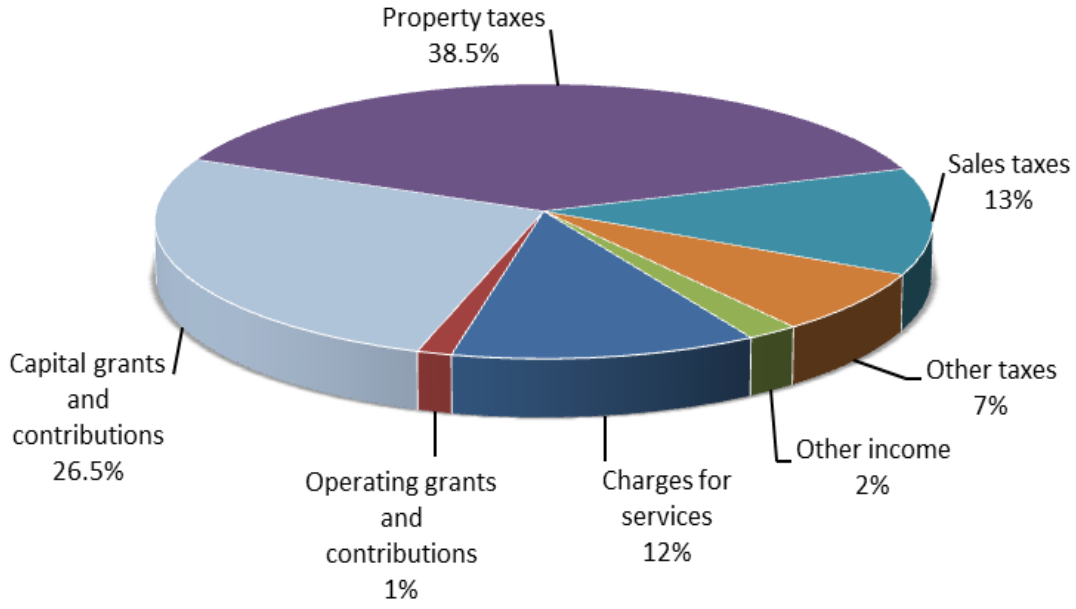
City of Pflugerville - Changes in Net Position

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Revenues:						
Program revenues:						
Charges for services	$ 5,352,689	$ 4,878,129	$ 21,901,919	$ 22,034,904	$ 27,254,608	$ 26,913,033
Operating grants and contributions	479,389	201,703	-	-	479,389	201,703
Capital grants and contributions	11,920,523	2,882,463	12,704,131	5,834,166	24,624,654	8,716,629
General revenues:						
Property taxes	17,356,210	17,040,128	-	-	17,356,210	17,040,128
Other taxes	9,048,217	7,781,865	-	-	9,048,217	7,781,865
Other	906,825	426,906	111,890	168,378	1,018,715	595,284
Total revenues	45,063,853	33,211,194	34,717,940	28,037,448	79,781,793	61,248,642
Expenses:						
General government	6,094,434	5,315,453	-	-	6,094,434	5,315,453
Public safety	12,236,679	11,638,893	-	-	12,236,679	11,638,893
Public works and streets	19,772,248	13,556,760	-	-	19,772,248	13,556,760
Culture and recreation	4,783,288	4,374,963	-	-	4,783,288	4,374,963
Interest on long-term debt	3,660,090	3,634,196	-	-	3,660,090	3,634,196
Water and wastewater	-	-	18,751,046	18,539,939	18,751,046	18,539,939
Solid waste	-	-	3,915,907	3,766,573	3,915,907	3,766,573
Total Expenses	46,546,739	38,520,265	22,666,953	22,306,512	69,213,692	60,826,777
Change in net position before transfers	(1,482,886)	(5,309,071)	12,050,987	5,730,936	10,568,101	421,865
Transfers	750,000	(771,523)	(750,000)	771,523	-	-
Change in net position	(732,886)	(6,080,594)	11,300,987	6,502,459	10,568,101	421,865
Net position - October 1, 2012 (as restated)	136,410,759	142,373,971	93,179,868	86,677,409	229,590,627	229,051,380
Net position - September 30, 2013	$ 135,677,873	$ 136,293,377	$ 104,480,855	$ 93,179,868	$ 240,158,728	$ 229,473,245

Revenues

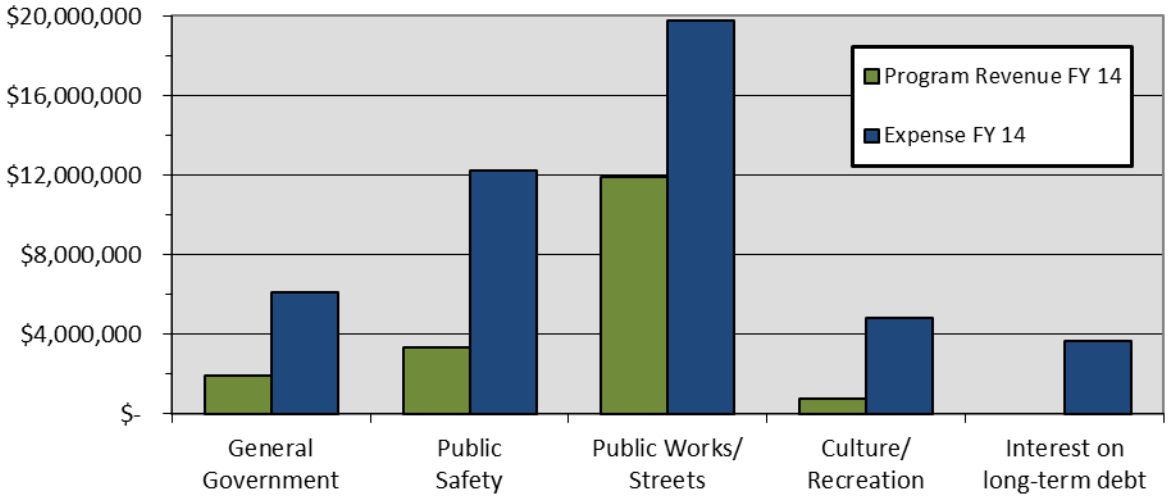
- Property tax revenue including penalties and interest increased 1.9% ($316,082) during this fiscal year. This is due to the reduction of the tax rate and new commercial development in the City limits.
- Property tax revenue accounts for 38.5% of total revenues for governmental activities.
- Assessed valuations increased for the fiscal year by over $414 million.
- The ad valorem tax rate for fiscal 2014 was $0.5736 per $100 of assessed valuation. This was a decrease of $0.0204 or 3% of the prior year rate.
- Sales tax revenue was $5.7 million for fiscal year 2014, an increase of 17.1% over the prior year. Sales tax revenue constitutes nearly 13% of the total revenue for governmental activities.
- Other taxes, which include franchise taxes and mixed beverage taxes, totaled nearly $3.39 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 $17.8 million. Capital grants and contributions such as infrastructure from developers and donated assets are the largest components of this revenue category. A portion, $5.4 million, of revenue this fiscal year was charges for services such as receipts primarily from development and building inspection fees, parks and pool fees, and court fines.
    - **Business-type activities program revenue** totaled $34.6 million. The majority of these revenues are reported in the category Charges for Services, which represents receipts from utility customers for water, wastewater and solid waste services. Capital contributions which include infrastructure contributed by developers and impact fees accounted for $12.7 million of revenue during fiscal year 2014.

Revenues by Source – Governmental Activities



Expenses and Program Revenues – Governmental Activities

The expenses in the chart below include depreciation expense through all categories. Depreciation expense totaled $12,847,157. Removing depreciation expense, the operating expenditures for governmental activities increased by 28% in fiscal year 2014. The primary reason for this increase is an increase in spending for Impact Way and 130 Commerce Center improvements. In 2015, these projects will be infrastructure accepted by the City from the Pflugerville Community Development Corporation (PCDC), a component unit of the City.



Business-type activities. Business-type activities increased the City of Pflugerville's net position by $11.3 million. Charges for services for business-type activities decreased less than 1% during fiscal year 2014. This small decrease can be attributed to decreased water usage while under water restrictions to conserve water due to drought conditions. The decrease in water demand consequently decreased the 2014 expenses used to produce water.

Financial Analysis of the City's Funds

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

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

As of the end of the current fiscal year, the City of Pflugerville's governmental funds reported a combined ending fund balance of $20,701,918, a decrease of $2.9 million in comparison with the fiscal year beginning fund balance. Approximately 53.9% of this total amount ($11.2 million) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is restricted, committed or assigned to indicate that it is not available for new spending because it has already been designated for a specific purpose. Funds have been restricted, by law or outside sources, to pay for capital projects ($3,428,832); debt service ($2,602,615); and specific programs in the special revenue fund ($673,065). In addition, funds have been committed, by the City Council, to pay for general capital reserve projects

Financial Analysis of the City's Funds (continued)

($2,570,078) and specific programs in the general fund ($54,255) and special revenue fund ($213,562). Funds have been assigned, by management, for special revenue programs ($5,553).

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 $11,153,958. 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 47.7% of total general fund expenditures. The City Council has approved a general capital reserve to fund one-time purchases and projects. These funds are committed to that purpose and therefore do not appear as unassigned funds. The first spending from these funds occurred in fiscal year 2012; the Combining Schedules for the general and general capital reserve funds provide additional details and can be found on pages 68-69.

The fund balance of the City of Pflugerville's general fund increased by $1,833,647 during fiscal year 2014. Sales tax revenue increased 17.1% during fiscal 2014 to $5.7 million as new retail continues to develop within the city. Development revenue from building permits, plat review fees, site development plans, and construction inspection increased 25.9% from fiscal 2013. This increase is due, in part, to several subdivisions beginning new phases of construction, an increase in residential permits, and continued commercial growth.

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

The debt service fund is used to account for the accumulation of resources for, and payment of, general long-term debt principal and interest. On September 30, 2014, this fund had a total balance of $2,602,615. The increase in this fund balance was due to additional interest income received.

The capital projects fund is used to account for financial resources dedicated for the acquisition or construction of major capital facilities other than those financed by the proprietary funds. The decrease in fund balance is due to the use of prior year bond funds to pay for construction related to projects such as: the on-going widening of Kelly Lane and the completion Colorado Sand Drive, Pfluger Farm Lane Phase A, and Town Center Drive.

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

Unrestricted net position of the Utility Fund at the end of the year amounted to $13,595,785. The total growth in net position was $11,300,987. This increase in net position was composed primarily of capital contributions (water and wastewater infrastructure donations) from developers.

General Fund Budgetary Highlights

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

Three out of five sets of City approved budget amendments were for the general fund during fiscal year 2014. These amendments increased the overall budgeted expenditures by $376,080 from the original budget, an increase of 1.6%. This increase was offset by revenues received in excess of the original budget, including: development fees and grants and contributions.

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, 2014, amounts to $350,112,906, net of depreciation. This investment in capital assets includes land, buildings, machinery and equipment, park facilities, streets, water and wastewater facilities, and infrastructure.

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

- The construction of Colorado Sand Boulevard and associated water and wastewater lines was completed.
- The Kelly Lane widening project with associated water lines continued.
- Construction was completed on Pfluger Farm Lane Phase A and associated water lines.
- Water Treatment Plant membranes expansion occurred as scheduled.
- Design for a variety of water and wastewater system improvements is underway.

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

	Governmental activities		Business-type activities		Total	
	2014	2013	2014	2013	2014	2013
Land	$ 6,679,754	$ 6,679,754	$ 6,738,869	$ 6,738,869	$ 13,418,623	$ 13,418,623
Service Rights	-	-	250,000	250,000	250,000	250,000
Buildings and improvements	38,511,048	41,437,905	9,131,222	9,572,363	47,642,270	51,010,268
Machinery and equipment	4,068,150	3,951,411	1,109,868	955,771	5,178,018	4,907,182
Infrastructure	143,291,765	136,663,002	132,359,025	122,688,370	275,650,790	259,351,372
Construction in progress	5,534,732	4,843,229	2,438,473	3,106,889	7,973,205	7,950,118
Total	$ 198,085,449	$ 193,575,301	$ 152,027,457	$ 143,312,262	$ 350,112,906	$ 336,887,563

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, 2014, the City had total bonded debt outstanding of $153,450,000. Of this amount, $6,555,000 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	
	2014	2013	2014	2013	2014	2013
General obligation bonds	$ 6,555,000	$ 7,205,000	$ -	$ -	$ 6,555,000	$ 7,205,000
Revenue bonds	-	-	-	-	-	-
Limited tax refunding bonds	24,816,844	25,819,703	53,148,156	53,955,296	77,965,000	79,775,000
Certificates of obligation	50,786,180	46,964,960	18,143,820	19,330,040	68,930,000	66,295,000
Total	$ 82,158,024	$ 79,989,663	$ 71,291,976	$ 73,285,336	$ 153,450,000	$ 153,275,000

The City of Pflugerville's total debt outstanding increased by $175,000 (0.1%) during the current fiscal year. The key factor in this increase was the issuance of $4,980,000 of combination tax and revenue certificates of obligation for infrastructure projects.

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 2014 debt levy equaled $0.1885 per $100 assessed valuation, or 12.6% of the maximum allowed.

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

Economic Factors and Next Year's Budget and Rates

The population of the City of Pflugerville continued a recent pattern of slow growth. 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 2014 several retail stores and small commercial establishments opened. Hawaiian Falls, a 23 acre adventure and water park, opened during the year. Also in 2014, numerous commercial companies moved into the city including Mtech, Lauren Concrete, Tracking Point, EIEIO and a FedEx distribution center.

The Pflugerville Community Development Corporation (PCDC) continues to make concerted marketing efforts to attract more commercial development in the city, especially in the areas fronting SH 130 and SH 45. Two more warehouses are slated to be developed in the 130 Commerce Center by the end of calendar year 2015. Another recent PCDC project includes the hotel Best Western Plus, set to open by mid-2015. These factors were considered in preparing the City of Pflugerville's budget for the 2015 fiscal year.

The City has increased its water and wastewater capacities to serve the areas in the State Highway 130 growth corridor. During FY 2014 water customers grew by 5.8% and wastewater customers grew by 5.3%, although there was no increase in rates. Master plans for both water and wastewater were completed in fiscal 2014. These plans provided a basis for the comprehensive rate study, also completed in 2014. A rate adjustment was approved and new water and wastewater rates went into effect October 1, 2014.

The fiscal year 2015 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
finance@pflugervilletx.gov

BASIC FINANCIAL STATEMENTS

where quality meets life

PFLUGERVILLE

TEXAS

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
ASSETS				
Cash and investments	$ 15,723,051	$ 11,844,560	$ 27,567,611	$ 261,165
Receivables (net of allowance)	2,468,244	3,131,804	5,600,048	2,637,309
Prepaid expenses	-	-	-	66,400
Investment in direct financing lease	-	-	-	22,011,529
Interfund balances	(13,208)	13,208	-	-
Due from component unit	34,411	-	34,411	-
Restricted assets:				
Restricted cash and investments	7,253,885	13,591,551	20,845,436	-
Capital assets, not being depreciated:				
Land	6,679,754	6,738,869	13,418,623	6,596,182
Service rights	-	250,000	250,000	-
Construction in progress	5,534,732	2,438,473	7,973,205	5,434,191
Capital assets, net of depreciation:				
Buildings and improvements	38,511,048	9,131,222	47,642,270	214,137
Machinery and equipment	4,068,150	1,109,868	5,178,018	21,076
Infrastructure and system	143,291,765	132,359,025	275,650,790	-
Total assets	223,551,832	180,608,580	404,160,412	37,241,989
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	2,087,553	3,955,350	6,042,903	-
Total deferred outflows of resources	2,087,553	3,955,350	6,042,903	-
LIABILITIES				
Accounts payable	1,871,148	1,121,589	2,992,737	241,324
Due to primary government	-	-	-	34,411
Wages payable	702,257	99,979	802,236	-
Customer deposits and escrow payable	1,330,119	492,690	1,822,809	50,400
Accrued interest payable	584,592	538,689	1,123,281	-
Noncurrent liabilities:				
Due within one year	2,950,445	2,173,457	5,123,902	787,548
Due in more than one year	82,522,951	75,656,671	158,179,622	26,507,100
Total liabilities	89,961,512	80,083,075	170,044,587	27,620,783
NET POSITION				
Net investment in capital assets	119,081,882	82,043,083	201,124,965	8,183,774
Restricted for capital projects	-	8,841,987	8,841,987	-
Restricted for specific programs	673,065	-	673,065	-
Restricted for debt service	2,018,023	-	2,018,023	-
Restricted for economic development	-	-	-	1,437,432
Unrestricted	13,904,903	13,595,785	27,500,688	-
Total net position	$ 135,677,873	$ 104,480,855	$ 240,158,728	$ 9,621,206

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2014

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	$ 6,094,434	$ 1,586,136	$ 202,043	$ -
Public safety	12,236,679	3,049,448	172,625	-
Public works and streets	19,772,248	-	-	11,920,523
Culture and recreation	4,783,288	717,105	104,721	-
Interest and fiscal charges	3,660,090	-	-	-
Total governmental activities	46,546,739	5,352,689	479,389	11,920,523
Business-type activities:				
Water and wastewater	18,751,046	17,967,363	-	12,704,131
Solid waste	3,915,907	3,934,556	-	-
Total business-type activities	22,666,953	21,901,919	-	12,704,131
Total primary government	$ 69,213,692	$ 27,254,608	$ 479,389	$ 24,624,654
Component unit				
Pflugerville Community Development Corporation	$ 5,592,064	$ -	$ -	$ 5,000,000

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 position

Net position - beginning, as restated
Net position - ending

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

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-type Activities	Total	Pflugerville Community Development Corporation
$ (4,306,255)	$ -	$ (4,306,255)	
(9,014,606)	-	(9,014,606)	
(7,851,725)	-	(7,851,725)	
(3,961,462)	-	(3,961,462)	
(3,660,090)	-	(3,660,090)	
(28,794,138)	-	(28,794,138)	
-	11,920,448	11,920,448	
-	18,649	18,649	
-	11,939,097	11,939,097	
(28,794,138)	11,939,097	(16,855,041)	
			$ (592,064)
17,356,210	-	17,356,210	-
5,658,163	-	5,658,163	2,851,537
3,322,550	-	3,322,550	-
67,504	-	67,504	-
37,726	11,035	48,761	-
855,218	100,855	956,073	1,650,967
13,881	-	13,881	2,452,715
750,000	(750,000)	-	-
28,061,252	(638,110)	27,423,142	6,955,219
(732,886)	11,300,987	10,568,101	6,363,155
136,410,759	93,179,868	229,590,627	3,258,051
$ 135,677,873	$ 104,480,855	$ 240,158,728	$ 9,621,206

CITY OF PFLUGERVILLE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
AS OF SEPTEMBER 30, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
ASSETS					
Cash and investments	$ 13,542,693	$ 847,838	$ -	$ 1,332,520	$ 15,723,051
Taxes receivable	1,550,492	-	131,378	-	1,681,870
Other receivables	586,371	200,003	-	-	786,374
Due from other funds	91,394	2,468	9,774	100	103,736
Due from component unit	34,411	-	-	-	34,411
Restricted investments	-	-	2,592,841	4,661,044	7,253,885
Total assets	$ 15,805,361	$ 1,050,309	$ 2,733,993	$ 5,993,664	$ 25,583,327
LIABILITIES					
Accounts payable	$ 634,489	$ 6,346	$ -	$ 1,230,313	$ 1,871,148
Wages payable	641,868	60,389	-	-	702,257
Due to other funds	21,150	91,394	-	4,400	116,944
Escrow payable	-	-	-	1,330,119	1,330,119
Total liabilities	1,297,507	158,129	-	2,564,832	4,020,468
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property taxes and fines	729,563	-	131,378	-	860,941
Total deferred inflows of resources	729,563	-	131,378	-	860,941
FUND BALANCES					
Restricted for:					
Debt service	-	-	2,602,615	-	2,602,615
Capital projects	-	-	-	3,428,832	3,428,832
Specific programs	-	673,065	-	-	673,065
Committed for:					
General capital reserve	2,570,078	-	-	-	2,570,078
Specific programs	54,255	213,562	-	-	267,817
Assigned for:					
Specific programs	-	5,553	-	-	5,553
Unassigned	11,153,958	-	-	-	11,153,958
Total fund balances	13,778,291	892,180	2,602,615	3,428,832	20,701,918
Total liabiliites, deferred inflows of resources, and fund balances	$ 15,805,361	$ 1,050,309	$ 2,733,993	$ 5,993,664	$ 25,583,327

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

CITY OF PFLUGERVILLE, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE STATEMENT OF NET POSITION
AS OF SEPTEMBER 30, 2014

Fund balances of governmental funds	$	20,701,918
Amounts reported for governmental activities in the Statement of Net Position are different because:		
Capital assets used in governmental activities are not current financial resources and therefore are not reported in the governmental funds balance sheet.		198,085,449
Bonds payable will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.		(82,158,024)
The net OPEB obligation will not be liquidated with current financial resources and therefore has not been included in the fund financial statements.		(460,195)
Accrued liabilities for compensated absences will not be liquidated with current financial resources and therefore have not been included in the fund financial statements.		(493,249)
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.		(584,592)
Premiums and discounts on bond issuances are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.		(2,361,928)
Deferred charge on bond refunding is recognized in the fund financial statements when bonds are issued but is capitalized and amortized in the government wide financial statements over the life of the bonds.		2,087,553
Receivables from property taxes ($399,540) and fines ($461,401) are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the funds.		860,941
Net position of governmental activities	$	135,677,873

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, 2014

	General	Special Revenue	Debt Service	Capital Projects	Total Governmental
REVENUES					
Taxes:					
Property	$ 11,463,829	$ 156,997	$ 5,695,370	$ -	$ 17,316,196
Sales	5,658,163	-	-	-	5,658,163
Franchise	3,191,575	130,975	-	-	3,322,550
Mixed beverage	67,504	-	-	-	67,504
Licenses and permits	1,604,306	58,656	-	-	1,662,962
Intergovernmental	612,207	1,691,583	644,379	1,243,729	4,191,898
Fines and forfeitures	996,887	119,489	-	-	1,116,376
Investment income	8,903	511	25,563	2,749	37,726
Charges for services	527,631	-	-	-	527,631
Deutschen Pfest income	-	126,817	-	-	126,817
Other income	212,249	13,347	-	-	225,596
Total revenues	24,343,254	2,298,375	6,365,312	1,246,478	34,253,419
EXPENDITURES					
Current:					
General government	5,721,129	158,622	-	-	5,879,751
Public safety	9,834,414	1,729,660	-	-	11,564,074
Public works and streets	2,889,044	-	-	-	2,889,044
Culture and recreation	3,694,119	76,898	-	-	3,771,017
Debt service:					
Agent fees/issuance costs	-	-	5,245	139,838	145,083
Interest	-	-	3,513,711	-	3,513,711
Principal retirement	-	-	2,811,640	-	2,811,640
Capital outlay	1,235,087	130,692	-	11,179,247	12,545,026
Total expenditures	23,373,793	2,095,872	6,330,596	11,319,085	43,119,346
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	969,461	202,503	34,716	(10,072,607)	(8,865,927)
OTHER FINANCING SOURCES (USES)					
Transfers out	-	(59,057)	-	-	(59,057)
Transfers in	809,057	-	-	-	809,057
Proceeds from sale of capital assets	13,881	-	-	-	13,881
Premium on issuance of bonds	-	-	-	153,935	153,935
Issuance of bonds	-	-	-	4,980,000	4,980,000
Insurance recoveries	41,248	-	-	-	41,248
Total other financing sources and uses	864,186	(59,057)	-	5,133,935	5,939,064
NET CHANGE IN FUND BALANCES	1,833,647	143,446	34,716	(4,938,672)	(2,926,863)
FUND BALANCES, BEGINNING, AS RESTATED	11,944,644	748,734	2,567,899	8,367,504	23,628,781
FUND BALANCES, ENDING	$ 13,778,291	$ 892,180	$ 2,602,615	$ 3,428,832	$ 20,701,918

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, 2014

Net change in fund balances - total governmental funds	$	(2,926,863)
Amounts reported for governmental activities in the Statement of Activities are different because:		
Current year capital outlays are expenditures in the fund statements but are shown as increases in capital assets in the government-wide financial statements. The effect of removing capital outlays is to increase net position.		6,688,675
Current year capital asset disposals are shown as decreases in capital assets in the government-wide financial statements but have no effect on the fund statements. The effect of removing the loss on capital asset disposals is to decrease net position.		(8,164)
The City received street infrastructure contributed by developers. Other capital assets were donated to the City as well. These contributions increase net position.		10,676,794
Depreciation is not recognized as an expenditure in governmental funds since it does not require the use of current financial resources. The effect of recording current year depreciation is to decrease net position.		(12,847,157)
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.		(4,980,000)
Long-term debt principal payments are expenditures in the fund financial statements but are shown as reductions in long-term debt in the government-wide financial statements.		2,811,640
Increases to liabilities for compensated absences are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.		(17,046)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due. The increase in interest accrual decreases net position.		(13,924)
Increases to liabilities for OPEB are not shown in the fund financial statements. The net effect of the current year's increase is to decrease net position.		(54,045)
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.		(35,088)
Deferred amount on bond refunding is capitalized in the government-wide financial statements and amortized over the life of the debt. Amortization of deferred amount on bond refunding of $106,219 was recorded. The net effect is to decrease net position.		(106,219)
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.		78,511
Change in net position of governmental activities	$	(732,886)

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, 2014

	Budgeted Amounts		Budgetary Basis	Variance with Final Budget - Positive (Negative)
REVENUES	Original	Final	Actual	
Taxes:				
Property	$ 11,599,663	$ 11,626,070	$ 11,463,829	$ (162,241)
Sales	5,010,616	5,044,616	5,658,163	613,547
Franchise	3,484,944	3,484,944	3,191,575	(293,369)
Mixed beverage	33,000	33,000	67,504	34,504
Licenses and permits	838,630	808,043	1,604,306	796,263
Intergovernmental/grants	368,500	580,040	612,207	32,167
Fines and forfeitures	1,092,928	1,092,928	996,887	(96,041)
Interest income	16,000	16,000	8,903	(7,097)
Charges for services	537,315	537,315	527,631	(9,684)
Other income	76,700	116,700	212,249	95,549
Total revenues	23,058,296	23,339,656	24,343,254	1,003,598
EXPENDITURES				
Current:				
General government	5,928,952	5,864,413	5,506,376	358,037
Public safety	10,095,146	10,225,440	9,752,184	473,256
Public works and streets	3,290,934	3,330,741	2,812,729	518,012
Culture and recreation	3,934,500	3,982,189	3,584,985	397,204
Capital outlay	802,185	1,025,014	663,335	361,679
Total expenditures	24,051,717	24,427,797	22,319,609	2,108,188
EXCESS OF REVENUES OVER EXPENDITURES	(993,421)	(1,088,141)	2,023,645	3,111,786
OTHER FINANCING SOURCES (USES)				
Transfers out to Reserve Funds	-	-	(1,246,645)	(1,246,645)
Transfers in	997,050	997,050	809,057	(187,993)
Proceeds from sale of capital assets	1,000	1,000	13,881	12,881
Insurance recoveries	-	33,547	41,248	7,701
Total other financing sources and uses	998,050	1,031,597	(382,459)	(1,414,056)
NET CHANGE IN FUND BALANCES	4,629	(56,544)	1,641,186	1,697,730
FUND BALANCE, BEGINNING	9,512,772	9,512,772	9,512,772	-
FUND BALANCE, ENDING, Budgetary Basis	$ 9,517,401	$ 9,456,228	$ 11,153,958	$ 1,697,730

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
SEPTEMBER 30, 2014

	Enterprise Fund Utility
ASSETS	
Current assets:	
Cash and investments	$ 11,844,560
Restricted cash and investments	554,595
Accounts receivable, net	3,131,804
Due from other funds	13,208
Total current assets	15,544,167
Non-current assets:	
Restricted cash and investments:	
Bond accounts	4,194,969
Impact fees	8,841,987
Capital assets:	
Land	6,738,869
Service rights	250,000
Buildings and improvements	13,244,221
Equipment	3,939,877
Infrastructure and system	173,565,320
Construction in progress	2,438,473
Less accumulated depreciation	(48,149,303)
Total capital assets, net of accumulated depreciation	152,027,457
Total non-current assets	165,064,413
Total assets	180,608,580
DEFERRED OUTFLOWS OF RESOURCES	
Deferred charge on refunding	3,955,350
Total deferred outflows of resources	3,955,350
LIABILITIES	
Current liabilities:	
Accounts payable	1,121,589
Wages payable	99,979
Compensated absences payable	10,252
Customer deposits	492,690
Accrued interest payable	538,689
Bonds payable - current	2,163,205
Total current liabilities	4,426,404
Non-current liabilities:	
Bonds payable	75,528,009
Compensated absences payable	41,006
Net OPEB obligation	87,656
Total non-current liabilities	75,656,671
Total liabilities	80,083,075
NET POSITION	
Net investment in capital assets	82,043,083
Restricted for capital projects	8,841,987
Unrestricted	13,595,785
Total net position	$ 104,480,855

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

CITY OF PFLUGERVILLE, TEXAS
STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	Enterprise Fund Utility
OPERATING REVENUES	
Charges for sales and services:	
Water sales	$ 11,719,177
Wastewater sales	6,248,186
Solid waste sales	3,934,556
Other income	100,855
Total operating revenues	22,002,774
OPERATING EXPENSES	
Utility administration	3,585,959
Water operations	6,091,753
Wastewater operations	1,766,739
Solid waste operations	3,915,907
Depreciation and amortization	4,143,069
Total operating expenses	19,503,427
OPERATING INCOME	2,499,347
NONOPERATING REVENUES (EXPENSES)	
Investment income	11,035
Interest expense and fees	(3,163,526)
Gain (loss) on sale of capital assets	-
Total nonoperating revenues (expenses)	(3,152,491)
INCOME BEFORE CONTRIBUTIONS AND TRANSFERS	(653,144)
Capital contributions	12,704,131
Transfers in	-
Transfers out	(750,000)
CHANGE IN NET POSITION	11,300,987
NET POSITION, BEGINNING	93,179,868
NET POSITION, ENDING	$ 104,480,855

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, 2014

		Enterprise Fund Utility
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	$	21,751,504
Payments to or on behalf of employees		(2,573,751)
Payments to suppliers		(13,178,641)
Net cash provided by operating activities		5,999,112
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Payments to other funds		(902,184)
Net cash used by noncapital financing activities		(902,184)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Capital contributions		4,499,834
Acquisition of capital assets		(4,653,968)
Principal paid on bonds		(1,993,360)
Interest paid on bonds		(3,300,645)
Net cash used by capital and related financing activities		(5,448,139)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Increase) decrease in short-term investments		419,361
Interest received		11,035
Net cash provided by investing activities		430,396
NET CHANGE IN CASH AND CASH EQUIVALENTS		79,185
CASH AND CASH EQUIVALENTS, BEGINNING		404,502
CASH AND CASH EQUIVALENTS, ENDING	$	483,687
RECONCILIATION TO STATEMENT OF NET POSITION		
Cash and cash equivalents	$	483,687
Investments		24,952,424
Total cash and investments	$	25,436,111
REPORTED AS:		
Cash and investments	$	11,844,560
Restricted cash and investments		13,591,551
Total cash and investments	$	25,436,111

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, 2014

		Enterprise Fund
		Utility
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES		
Operating income	$	2,499,347
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization		4,143,069
(Increase) in accounts receivable		(262,429)
(Decrease) in accounts payable		(453,695)
Increase in customer deposits		11,160
Increase in accrued liabilities		61,660
Net cash provided by operating activities	$	5,999,112
NONCASH INVESTING AND FINANCING ACTIVITIES		
Infrastructure contributed by developers	$	8,204,297

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

NOTES TO
FINANCIAL STATEMENTS

where quality meets life

PFLUGERVILLE

TEXAS

Note 1: REPORTING ENTITY

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

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

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

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

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

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

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

Note 2: GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

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

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

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

The City reports the following major governmental funds:

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

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

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.

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 POSITION OR EQUITY

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

Investments
Investments 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 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 POSITION OR EQUITY (continued)

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of net position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on bond refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of net position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes and fines. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

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 2014 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 position.

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

Bond Issuance Costs

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

Compensated Absences

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

Use of Estimates

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

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, 2014, was $.5736 per $100 of assessed valuation.

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, 2014, 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 $2,602,615 as of September 30, 2014. Fund balance restricted for capital projects totaled $3,428,832 as of September 30, 2014. Special revenue fund balance restricted for specific programs included seizure funds, child safety fees, LEOSE training funds, municipal court funds, bike rodeo, Blue Santa, National Night Out, PEG and TIRZ #1 and totaled $186,585, $110,537, $10,417, $179,228, $1,589, $9,359, $2,209, $160,755, and $12,386 respectively, as of September 30, 2014.

Committed fund balance is established and modified by a resolution from City Council, the City's highest level of decision-making authority, and can be used only for the specified purposes determined by the Council's resolution. Special revenue fund balance committed for specific programs consisted of fund balance committed to the Deutschen Pfest and totaled $213,562 as of September 30, 2014. General fund balances of $2,570,078 and $54,255, respectively, were committed to a general capital reserve and for vehicle replacement as of September 30, 2014.

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

Assigned fund balance is intended to be used by the City for specific purposes but does not meet the criteria to be classified as restricted or committed. The Council has delegated the authority to assign fund balance to the City Manager or Finance Director. Special revenue fund balance assigned included CERT and Citizens on Patrol/Citizens' Police Academy and totaled $3,477 and $2,076, respectively, as of September 30, 2014.

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.

General Fund Balance Policy

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

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

Utility Fund Balance Policy

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

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

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 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 within a department. Any revisions that alter the total expenditures or the capital outlays of any fund must be approved by the City Council. A legally approved 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. The General Capital Reserve Fund is a subset of the General Fund, for which formal budgetary integration is not employed. Funded from prior year revenues received in excess of budget, the General Capital Reserve Fund is used to fund one-time and small capital related projects. Each year, the City Council reviews a list of proposed projects which are individually approved or declined for funding from this separate fund.

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, 2014, were entirely covered by FDIC insurance and pledged collateral held by the City's agent bank.

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

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

Following are the City's cash and investments at September 30, 2014:

		Carrying/ Fair Value	Weighted Average Maturity (Days)
Petty cash	$	1,950	N/A
Deposits with financial institutions		1,202,610	N/A
Lone Star Investment Pool - corporate overnight fund		18,546,359	52
TexPool		28,662,127	48
Total Cash and Investments	$	48,413,046	50

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

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

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

Under the TexPool Participation Agreement, administrative and investment services to TexPool are provided by Federated Investors, Inc. through an agreement with the State of Texas Comptroller of Public Accounts. The State Comptroller is the sole officer, director, and shareholder of the Texas Treasury Safekeeping Trust Company authorized to operate TexPool. The reported value of the pool is the same as the fair value of the pool shares. TexPool is subject to annual review by an independent auditor consistent with the Public Funds Investment Act. Audited financial statements of the Pool are available at TexPool Participant Services, C/O Federated Investors Inc., 1001 Texas Avenue, Suite 1400, Houston, Texas 77002. In addition, TexPool is subject to review by the State Auditor's Office and by the Internal Auditor of the Comptroller's Office.

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

Credit Risk. State law and City policy limit investments in local government investment pools to those rated no lower than AAA or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2014, 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	$ 6,679,754	$ -	$ -	$ 6,679,754
Construction in progress	4,843,229	5,658,616	4,967,113	5,534,732
Total assets not being depreciated	11,522,983	5,658,616	4,967,113	12,214,486
Capital assets, being depreciated:				
Buildings and improvements	64,976,694	570,495	-	65,547,189
Machinery and equipment	9,525,416	833,003	72,057	10,286,362
Infrastructure	277,488,529	15,270,468	-	292,758,997
Total capital assets being depreciated	351,990,639	16,673,966	72,057	368,592,548
Less accumulated depreciation:				
Buildings and improvements	23,538,789	3,497,352	-	27,036,141
Machinery and equipment	5,574,005	708,100	63,893	6,218,212
Infrastructure	140,825,527	8,641,705	-	149,467,232
Total accumulated depreciation	169,938,321	12,847,157	63,893	182,721,585
Total capital assets being depreciated, net	182,052,318	3,826,809	8,164	185,870,963
Governmental activities capital assets, net	$ 193,575,301	$ 9,485,425	$ 4,975,277	$ 198,085,449

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
Service rights	250,000	-	-	250,000
Construction in progress	3,106,889	2,614,676	3,283,092	2,438,473
Total assets not being depreciated	10,095,758	2,614,676	3,283,092	9,427,342
Capital assets, being depreciated:				
Buildings and improvements	13,244,221	-	-	13,244,221
Machinery and equipment	3,576,038	363,839	-	3,939,877
Infrastructure	160,402,479	13,162,841	-	173,565,320
Total capital assets being depreciated	177,222,738	13,526,680	-	190,749,418
Less accumulated depreciation:				
Buildings and improvements	3,671,858	441,141	-	4,112,999
Machinery and equipment	2,620,267	209,742	-	2,830,009
Infrastructure	37,714,109	3,492,186	-	41,206,295
Total accumulated depreciation	44,006,234	4,143,069	-	48,149,303
Total capital assets being depreciated, net	133,216,504	9,383,611	-	142,600,115
Business-type activities capital assets, net	$ 143,312,262	$ 11,998,287	$ 3,283,092	$ 152,027,457
Discretely presented component unit:				
Capital assets, not being depreciated:				
Land	$ 9,444,441	$ -	$ 2,848,259	$ 6,596,182
Construction in progress	525,570	4,908,621	-	5,434,191
Total assets not being depreciated	9,970,011	4,908,621	2,848,259	12,030,373
Capital assets, being depreciated:				
Leasehold improvements	5,000	221,521	-	226,521
Furniture and equipment	50,347	19,812	26,939	43,220
Total capital assets being depreciated	55,347	241,333	26,939	269,741
Less accumulated depreciation:				
Leasehold improvements	4,500	7,884	-	12,384
Furniture and equipment	39,574	8,045	25,475	22,144
Total accumulated depreciation	44,074	15,929	25,475	34,528
Total capital assets being depreciated, net	11,273	225,404	1,464	235,213
Discretely presented component unit activities capital assets, net	$ 9,981,284	$ 5,134,025	$ 2,849,723	$ 12,265,586

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	$	285,152
Public safety		626,973
Public works		11,248,794
Culture/recreation		686,238
Total depreciation expense - governmental activities	$	12,847,157
Business-type activities		
Water and sewer	$	4,143,069
Total depreciation expense - business-type activities	$	4,143,069

Interfund Receivables/Payables and Transfers

The composition of interfund receivables/payables and transfers in/out as of September 30, 2014, is as follows:

Receivable Fund	Payable Fund		Amount	Purpose
Debt service	General	$	9,774	Transfer property taxes
Special revenue	General		2,468	Transfer for payables
General	Special revenue		91,394	Transfer for payables
Capital projects	General		100	Transfer for payables
Utility	Capital projects		4,400	Transfer for payables
Utility	General		8,808	Transfer for payables

Transfers In	Transfers Out		Amount	Purpose
General	Utility	$	750,000	Management fee
General	Special revenue		59,057	Contribution to General 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, 2014:

	Beginning Balance	Additions	Deletions	Ending Balance	Due Within One Year
Governmental activities					
General obligation bonds	$ 79,989,664	$ 4,980,000	$ (2,811,640)	$ 82,158,024	$ 2,851,795
Premium on bond issuance	2,572,792	153,935	(132,499)	2,594,228	-
Discount on bonds	(245,952)	-	13,652	(232,300)	-
Compensated absences	476,203	112,286	(95,240)	493,249	98,650
Net OPEB obligation	406,150	54,045	-	460,195	-
Governmental activities long-term liabilities	$ 83,198,857	$ 5,300,266	$ (3,025,727)	$ 85,473,396	$ 2,950,445
Business-type activities					
Utility bonds	$ 73,285,336	$ -	$ (1,993,360)	$ 71,291,976	$ 2,163,205
Premium on bond issuance	6,775,963	-	(326,450)	6,449,513	-
Discount on bonds	(52,688)	-	2,413	(50,275)	-
Compensated absences	41,601	17,977	(8,320)	51,258	10,252
Net OPEB obligation	65,249	22,407	-	87,656	-
Business-type activities long-term liabilities	$ 80,115,461	$ 40,384	$ (2,325,717)	$ 77,830,128	$ 2,173,457
Total long-term debt	$ 163,314,318	$ 5,340,650	$ (5,351,444)	$ 163,303,524	$ 5,123,902
Discretely presented component unit					
Notes payable	$ 7,173,000	$ 37,484,529	$ (17,362,881)	$ 27,294,648	$ 787,548
	$ 7,173,000	$ 37,484,529	$ (17,362,881)	$ 27,294,648	$ 787,548

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

General Obligation Debt

The annual requirements to retire general long-term debt, including interest, as of September 30, 2014, are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2015	$ 2,851,795	$ 3,507,554	$ 6,359,349
2016	2,911,899	3,410,622	6,322,521
2017	3,152,240	3,325,811	6,478,051
2018	3,234,082	3,226,686	6,460,768
2019	3,351,401	3,099,912	6,451,313
2020-2024	19,480,128	13,336,306	32,816,434
2025-2029	19,326,650	9,002,004	28,328,654
2030-2034	22,785,900	4,503,090	27,288,990
2035	5,063,929	253,001	5,316,930
Total	$ 82,158,024	$ 43,664,986	$ 125,823,010

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

A summary of tax-supported general obligation debt outstanding at September 30, 2014, follows:

		Purpose
$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, 2033; interest at 2.5% to 5.25%.	$ 316,350	Drainage projects, street projects, hike and bike trail
$3,370,800 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%.	2,898,450	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%.	4,610,000	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%.	9,055,000	Street projects
$11,500,000 Series 2009 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $220,000 to $2,655,000 through August 1, 2035; interest at 3% to 5.375%.	10,400,000	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%.	2,700,000	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%.	10,281,380	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%.	720,517	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%.	1,880,000	Library expansion
$4,130,000 Series 2010 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $85,000 to $350,000 through August 1, 2035 and interest at 2 to 4.2%.	3,875,000	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%.	9,484,800	Partial refunding of prior issues 2001 and 2002
$14,982,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of $21,600 to $926,400 through August 1, 2034 and interest at 2 to 5%.	14,611,527	Partial refunding of prior issues 1999, 2002, 2003, and 2004
$2,000,000 Series 2013 Limited Tax Bonds, due in annual installments of $25,000 to $310,000 through August 1, 2033 and interest at 2 to 4%.	1,975,000	Library expansion
$4,600,000 Series 2013 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $50,000 to $730,000 through August 1, 2033 and interest at 2 to 4%.	4,550,000	Street projects

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

$4,980,000 Series 2014 Combination Tax and Revenue Certificates of Obligation, due in annual installments of $180,000 to $345,000 through August 1, 2033 and interest at 2 to 4.125%.	$	4,800,000	Infrastructure improvements
Total general obligation debt	$	82,158,024	

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

Utility Debt

A summary of utility debt outstanding at September 30, 2014, follows:

$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%.	$	130,000	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, 2033; interest at 2.5% to 5.25%.		1,349,050	Wastewater Treatment Facility, Colorado River Project (Lake Pflugerville)
$12,529,200 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%.		10,626,550	Purchase of Wastewater companies (Kelly Lane and Wilke Lane)
$7,738,650 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%.		6,038,620	Wastewater infrastructure improvements
$2,693,530 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%.		654,083	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%.		5,335,200	Partial refunding of prior issues 2001 and 2002
$47,443,000 Series 2012 Limited Tax Refunding Bonds, due in annual installments of $68,400 to $2,933,600 through August 1, 2034 and interest at 2 to 5%.		47,158,473	Partial refunding of prior issues 2002, 2003, 2003A and 2004
Total utility debt	$	71,291,976	

The annual requirements to retire all Utility Fund bonds, including interest, at September 30, 2014, follows:

Fiscal Year	Principal	Interest	Total Requirements
2015	$ 2,163,205	$ 3,232,136	$ 5,395,341
2016	2,248,101	3,151,892	5,399,993
2017	2,412,760	3,082,989	5,495,749
2018	2,505,918	3,003,172	5,509,090
2019	2,543,599	2,899,157	5,442,756
2020-2024	12,614,872	12,776,588	25,391,460
2025-2029	18,983,350	9,590,727	28,574,077
2030-2034	23,579,100	4,504,344	28,083,444
2035	4,241,071	226,358	4,467,429
Total	$ 71,291,976	$ 42,467,363	$ 113,759,339

Note 6: DETAILED NOTES ON ALL FUNDS (continued)

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.

Discretely Presented Component Unit Debt

The loan agreements with Citizens National Bank to purchase land were fully retired in 2014 when the notes were refinanced with First Star Bank. The new loan was obtained for $7,173,000 at an interest rate of 4.75% and is payable in full on November 26, 2016. The loans are secured by a deed of trust on the land.

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

In December 2013, pursuant to its economic development authority under Chapter 380, the City loaned $7 million of City funds to the PCDC. The loan was requested by PCDC in order to bridge a funding gap for the construction of a water and adventure park project being undertaken by PCDC (the "Water Park") to be operated by Hawaiian Parks Pflugerville, LLC ("Hawaiian Parks") so that construction could begin on the Water Park. PCDC closed a bank loan (the "PCDC Bank Loan") on February 21, 2014 to finance the construction of the Water Park, to be drawn down in installments up to $23.5 million, and has used $7 million of such loan to repay the City in full. The PCDC Bank Loan accrues interest at a fixed rate of 3.95% with monthly payments of principal and interest amortized over a 25 year period and a balloon maturity in 6 years. The PCDC Bank Loan is payable by PCDC from (i) rent payments to be received by PCDC from Hawaiian Parks as the operator of the Water Park which are to be made in an amount equal to debt service due on the PCDC Bank Loan and (ii) from PCDC's one-half cent Local Sales and Use Tax levied within the City. The City has entered into an agreement under Chapter 380 whereby the City will be obligated to make payments to the lender under the PCDC Bank Loan in the event that PCDC is unable to make payments when due under such loan. The City's obligation to make such payments to the lender under the PCDC Bank Loan is from any source lawfully available to the City other than from funds derived from ad valorem taxes and is subject to annual appropriation by the City.

In November 2014, the first amendment to the PCDC Bank Loan was executed, increasing the loan by $1.5 million to a total of $25 million.

Debt service requirements for future years are as follows:

Fiscal Year	Principal	Interest	Total Requirements
2015	$ 787,548	$ 1,091,841	$ 1,879,389
2016	1,175,447	1,054,065	2,229,512
2017	4,142,394	880,768	5,023,162
2018	851,282	822,050	1,673,332
2019	767,850	788,689	1,556,539
2020	19,570,127	337,702	19,907,829
	$ 27,294,648	$ 4,975,115	$ 32,269,763

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 2013 and 2014 were as follows:

Employee deposit rate	7%
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

Contributions

Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. 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
2012	$ 1,628,823	$ 1,628,823	100%	-
2013	1,747,770	1,747,770	100%	-
2014	1,920,826	1,920,826	100%	-

Note 7: RETIREMENT PLAN (continued)

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Entry Age Normal
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	26.2 years; closed period	25.2 years; closed period	30.0 years; closed period
Amortization Period for new Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial assumptions:			
Investment Rate of Return *	7.0%	7.0%	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%

Funding Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate Factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status at December 31, 2013 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)
12/31/2013	$ 30,786,457	$ 40,467,153	76.1%	$ 9,680,696	$ 14,062,880	68.8%

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.

Note 7: RETIREMENT PLAN (continued)

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, by ordinance, 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.

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, 2014, 2013, and 2012 were $18,834, $16,507, and $16,577, 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 260 active employees and 14 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.

Note 8: POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

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, 2014 is as follows:

Annual Required Contribution (ARC)	$	86,488
Interest on OPEB Obligation		21,213
Adjustment to the ARC		(19,654)
Annual OPEB Cost		88,047
Net estimated employer contributions		(11,595)
Increase (Decrease) in Net OPEB Obligation		76,452
Net OPEB Obligation, beginning of year		471,399
Net OPEB Obligation, end of year	$	547,851

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

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

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
9/30/2012	$ 18,976	$ 89,731	21.1%	$ 396,697	$ 88,653	21.4%
9/30/2013	10,579	85,281	12.4%	471,399	83,969	12.6%
9/30/2014	11,595	88,047	13.2%	547,851	86,488	13.4%

Funding Status and Funding Progress

The funded status of the City's retiree health care plan, under GASB Statement No. 45 as of December 31, 2012 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
12/31/2010	$ -	$ 614,779	$ 614,779	0%	$ 12,898,447	4.8%
12/31/2012	-	532,642	532,642	0%	13,193,574	4.0%

Under the reporting parameters, the City's retiree health care plan is 0% funded with an estimated actuarial liability exceeding actuarial assets by $532,642 at December 31, 2012.

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.

Note 8: POSTEMPLOYMENT HEALTH CARE BENEFITS (continued)

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	12/31/2012
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	7.5% in 2013 decreasing to an ultimate rate of 4.5% after 9 years
The number of active members is assumed to remain constant in the future	

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

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 $1,431,000 for the Capital Projects Fund and $3,734,000 for the Utility Fund.

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. Rent expense for the year ended September 30, 2014 was $116,045. Future payments due under the agreement are as follows:

Fiscal Year	
2015	$ 123,298
2016	123,298
	$ 246,596

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

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

Future payments under the agreements are as follows:

Fiscal Year	2009 issue	2013 issue	2014 issue	Total
2015	$ 185,901	$ 242,206	$ 362,581	$ 790,688
2016	183,701	240,206	358,781	782,688
2017	186,201	238,206	359,981	784,388
2018	183,333	236,206	361,081	780,620
2019	185,251	233,206	360,081	778,538
2020-2024	917,281	1,021,031	1,807,256	3,745,568
2025-2029	916,190	2,248,231	1,808,156	4,972,577
2030-2034	917,050	2,088,531	1,445,125	4,450,706
2035	183,538	-	-	183,538
	$ 3,858,446	$ 6,547,823	$ 6,863,042	$ 17,269,311

Note 10: COMMITMENTS AND CONTINGENCIES (continued)

The PCDC entered into various operating leases for office space, space for development projects, a copier and a vehicle. The office lease for the PCDC's office on Main Street calls for monthly payments of $5,000 and ends in October 2015. The PCDC's main office has relocated under a sixty month lease beginning on January 1, 2014 with monthly payments of $3,500. The PCDC is also leasing storage space for sixty monthly payments of $3,800 ending on July 31, 2017. The PCDC is subleasing this property for other community development projects. The PCDC signed two leases with 130 Commerce Center for commercial space for sixty monthly payments of $43,600 ending in August 2018. The PCDC is subleasing this commercial space as well in order to develop the property. The monthly copier lease payments are $255 and ends in August 2016. The monthly vehicle lease payments are $583 and ends in September 2017. Operating lease expense for the fiscal year ended September 30, 2014 was $665,787. Future lease payments are as follows:

Fiscal Year		
2015	$	680,856
2016		625,346
2017		609,613
2018		521,600
2019		10,500
	$	2,447,915

The PCDC has entered into two subleases. Future lease payments to be received under these leases follow:

Fiscal Year		
2015	$	716,700
2016		716,700
2017		716,700
2018		716,700
2019		500,225
	$	3,367,025

At September 30, 2014, the PCDC had $2,588,252 in remaining commitments for various economic development performance agreements.

Note 11: INVESTMENT IN DIRECT FINANCING LEASE

The PCDC has entered into a direct financing lease with Hawaiian Parks for land and improvements for the Water Park. See Note 6 for information on the related debt. The lease term is thirty (30) years, with two 10-year renewal options. The components of the net investment in direct financing lease are summarized as follows:

Total minimum lease payments to be received	$	34,673,440
Less: Interest earnings		(12,661,911)
Net investment in direct financing lease	$	22,011,529

Note 11: INVESTMENT IN DIRECT FINANCING LEASE (continued)

The scheduled financing lease payments are as follows:

Fiscal Year	Amount
2015	$ 1,036,845
2016	1,386,936
2017	1,386,936
2018	1,386,936
2019	1,386,936
Thereafter	28,088,851
Less: Interest	(12,661,911)
	$ 22,011,529

Note 12: UPCOMING ACCOUNTING PRONOUNCEMENTS

In June 2012, the GASB issued Statement No. 68, *Accounting and Financial Reporting for Pensions, an amendment of GASB Statement 27*. This Statement requires governments providing defined benefit pension plans to recognize their long-term obligation for pension benefits as a liability on the statement of net position and to more comprehensively and comparably measure the annual costs of pension benefits. This Statement will require the City to record a liability and expense equal to their proportionate share of the collective net pension liability and expense for the TMRS plan. This Statement requires the use of the entry age normal method to be used with each period's service cost determined as a level percentage of pay and requires certain other changes to compute the pension liability and expense. This Statement also requires revised and new note disclosures and required supplementary information (RSI) to be reported by employers. The provisions of this Statement are effective for periods beginning after June 15, 2014.

The City will fully analyze the impact of this new Statement prior to the effective date for the Statement listed above.

Note 13: SUBSEQUENT EVENTS

In November 2014, the first amendment to the PCDC agreement related to the water and adventure park was executed, increasing the loan by $1.5 million to a total $25.0 million. See Note 10: Commitments and Contingencies for more information on the original agreement.

In the November 2014 bond election, voters passed bonds for $28,000,000 and $25,000,000 for transportation and parks and recreation projects, respectfully, to be issued incrementally over the next 5 years. The City anticipates the first portion, $12,200,000, of these bonds to be issued in April 2015 as Limited Tax Bonds, Series 2015.

Also in April 2015, the City anticipates issuing $26,500,000 of Combination Tax and Limited Revenue Certificates of Obligation, Series 2015 for the City's waterworks and sewer system, streets, intersections, drainage, sidewalk and other traffic improvements including Helios Way West, Sun Light Near Way and Pfluger Farm Lane, and parks including parking lot and restroom improvements at Pfennig Sports Pfields.

The City anticipates issuing approximately $14 million in limited tax refunding bonds to refund outstanding, currently callable tax-supported debt for savings in fiscal year 2015.

Note 14: PRIOR PERIOD ADJUSTMENT

The City began collecting PEG fees in fiscal year 2012 in an agency account. Since these revenues are recognized when received and expenditures are recognized when they are incurred, they should be classified as special revenue funds. As a result, the activity from fiscal years 2012 and 2013 increases beginning fund balance in the special revenue fund by a total of $117,382 at September 30, 2013. Net position of governmental activities at September 30, 2013 was also increased by this amount.

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
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%
2012		23,168,480	31,572,922	73.4%	8,404,442	12,574,897	66.8%
2013		26,794,914	35,173,843	76.2%	8,378,929	13,193,574	63.5%
2014		30,786,457	40,467,153	76.1%	9,680,696	14,062,880	68.8%

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.

COMBINING SCHEDULES

CITY OF PFLUGERVILLE, TEXAS
COMBINING BALANCE SCHEDULE
GENERAL FUND - SUBFUNDS
SEPTEMBER 30, 2014

	General	Reserve Funds	Totals
ASSETS			
Cash and investments	$ 10,917,336	$ 2,625,357	$ 13,542,693
Taxes receivable	1,550,492	-	1,550,492
Other receivables	586,371	-	586,371
Due from other funds	91,394	-	91,394
Due from component unit	34,411	-	34,411
Total assets	$ 13,180,004	$ 2,625,357	$ 15,805,361
LIABILITIES			
Liabilities:			
Accounts payable	$ 633,465	$ 1,024	$ 634,489
Wages payable	641,868	-	641,868
Due to other funds	21,150	-	21,150
Total liabilities	1,296,483	1,024	1,297,507
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue-property taxes	729,563	-	729,563
Total deferred inflows of resources	729,563	-	729,563
FUND BALANCES			
Committed for:			
General capital reserve	-	2,570,078	2,570,078
Specific programs	-	54,255	54,255
Unassigned	11,153,958	-	11,153,958
Total fund balances	11,153,958	2,624,333	13,778,291
Total liabilities, deferred inflows of resources and fund balances	$ 13,180,004	$ 2,625,357	$ 15,805,361

CITY OF PFLUGERVILLE, TEXAS
COMBINING SCHEDULE OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GENERAL FUND - SUBFUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2014

	General	Reserve Funds	Totals
REVENUES			
Taxes:			
Property	$ 11,463,829	$ -	$ 11,463,829
Sales	5,658,163	-	5,658,163
Franchise	3,191,575	-	3,191,575
Mixed beverage	67,504	-	67,504
Licenses and permits	1,604,306	-	1,604,306
Intergovernmental	612,207	-	612,207
Fines and forfeitures	996,887	-	996,887
Investment income	8,903	-	8,903
Charges for services	527,631	-	527,631
Other income	212,249	-	212,249
Total revenues	24,343,254	-	24,343,254
EXPENDITURES			
Current:			
General government	5,506,376	214,753	5,721,129
Public safety	9,752,184	82,230	9,834,414
Public works and streets	2,812,729	76,315	2,889,044
Culture and recreation	3,584,985	109,134	3,694,119
Capital outlay	663,335	571,752	1,235,087
Total expenditures	22,319,609	1,054,184	23,373,793
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	2,023,645	(1,054,184)	969,461
OTHER FINANCING SOURCES (USES)			
Transfers in (out) - intrafund	(1,246,645)	1,246,645	-
Transfers in	809,057	-	809,057
Proceeds from sale of capital assets	13,881	-	13,881
Insurance recoveries	41,248	-	41,248
Total other financing sources and uses	(382,459)	1,246,645	864,186
NET CHANGE IN FUND BALANCES	1,641,186	192,461	1,833,647
FUND BALANCES, BEGINNING	9,512,772	2,431,872	11,944,644
FUND BALANCES, ENDING	$ 11,153,958	$ 2,624,333	$ 13,778,291

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PFLUGERVILLE

TEXAS

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 71

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 79

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

Debt Capacity 86

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 91

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 94

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 Position by Components
Last Ten Fiscal Years
(amounts expressed in thousands)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Governmental activities										
Net Investment in Capital Assets	$ 3,761	$158,527	$156,133	$159,687	$153,437	$149,792	$143,269	$132,428	$121,820	$119,082
Restricted	1,020	1,120	1,242	2,100	1,849	1,508	1,636	2,414	2,460	2,691
Unrestricted	6,505	7,047	8,188	6,756	10,961	9,637	11,622	12,255	12,013	13,905
Total governmental activities net position	$ 11,286	$166,694	$165,563	$168,544	$166,246	$160,937	$156,527	$147,097	$136,293	$135,678
Business-type activities										
Net Investment in Capital Assets	$ 33,517	$ 55,866	$ 53,876	$ 58,301	$ 61,139	$ 64,633	$ 69,065	$ 69,870	$ 73,042	$ 82,043
Restricted	9,011	10,623	11,462	10,403	9,578	7,354	6,679	6,569	6,091	8,842
Unrestricted	3,358	4,280	9,108	9,798	10,145	9,061	10,089	12,675	14,048	13,596
Total business-type activities net position	$ 45,886	$ 70,769	$ 74,445	$ 78,502	$ 80,863	$ 81,047	$ 85,833	$ 89,115	$ 93,180	$104,481
Primary government										
Net Investment in Capital Assets	$ 37,278	$214,393	$210,009	$217,988	$214,577	$214,425	$212,334	$202,298	$194,862	$201,125
Restricted	10,030	11,743	12,704	12,503	11,427	8,862	8,315	8,983	8,551	11,533
Unrestricted	9,863	11,327	17,296	16,555	21,106	18,698	21,711	24,930	26,061	27,501
Total primary government net position	$ 57,172	$237,463	$240,008	$247,045	$247,109	$241,984	$242,360	$236,211	$229,473	$240,159

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

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

	Fiscal Year									
Expenses	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Governmental activities:										
General government	$ 2,755	$ 2,971	$ 3,789	$ 4,341	$ 4,903	$ 4,925	$ 6,079	$ 7,015	$ 5,315	$ 6,094
Public safety	5,976	6,117	6,560	7,662	9,435	10,598	10,643	11,061	11,639	12,237
Public works and streets	2,920	8,969	9,856	11,423	11,099	13,447	12,047	13,534	13,557	19,772
Culture/Recreation	2,556	2,782	2,905	3,086	3,563	3,610	3,672	3,874	4,375	4,783
Interest on long term debt	1,877	1,997	2,132	2,504	3,005	3,537	3,520	3,343	3,634	3,660
Total governmental activities expenses	16,084	22,836	25,243	29,017	32,005	36,118	35,961	38,826	38,520	46,547
Business-type expenses:										
Water and wastewater	10,360	12,539	15,390	16,467	18,016	16,211	17,744	17,010	18,540	18,751
Solid waste	1,021	1,224	1,734	2,328	2,816	3,273	3,475	3,623	3,767	3,916
Total business-type expenses	11,382	13,762	17,125	18,796	20,832	19,484	21,219	20,633	22,307	22,667
Total primary government expenses	$ 27,466	$ 36,598	$ 42,367	$ 47,813	$ 52,836	$ 55,602	$ 57,180	$ 59,459	$ 60,827	$ 69,214
Program Revenues										
Governmental activities:										
Charges for services:										
General government	$ 1,701	$ 1,762	$ 2,003	$ 1,557	$ 837	$ 539	$ 648	$ 928	$ 1,247	$ 1,586
Public safety	1,013	734	928	1,447	2,710	2,496	2,788	2,943	2,874	3,049
Public works and streets	-	-	-	-	-	-	-	-	-	-
Culture and recreation	629	647	709	744	736	791	737	785	757	717
Operating grants and contributions	335	255	522	150	87	349	283	244	202	479
Capital grants and contributions	886	3,913	4,469	9,314	3,918	3,275	1,910	3,475	2,882	11,921
Total governmental activities program revenues	4,563	7,312	8,631	13,211	8,290	7,450	6,367	8,374	7,962	17,753
Business-type activities:										
Charges for services:										
Water and wastewater	10,656	12,372	11,756	15,086	16,287	15,574	18,869	17,951	18,258	17,967
Solid waste	1,023	1,129	1,693	2,388	2,856	3,300	3,484	3,622	3,777	3,935
Operating grants and contributions	-	-	6	-	-	-	-	-	-	-
Capital grants and contributions	4,627	13,911	7,823	4,174	4,403	1,184	4,183	3,007	5,834	12,704
Total business-type activities program revenues	16,307	27,412	21,278	21,647	23,546	20,058	26,536	24,580	27,869	34,606
Total primary government program revenues	$ 20,870	$ 34,724	$ 29,908	$ 34,858	$ 31,836	$ 27,508	$ 32,903	$ 32,954	$ 35,831	$ 52,359

Changes in Net Position (cont.)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Net (expense)/revenue										
Governmental activities:	(11,521)	(15,524)	(16,612)	(15,806)	(23,715)	(28,668)	(29,594)	(30,452)	(30,558)	(28,794)
Business-type activities:	4,925	13,649	4,153	2,852	2,714	574	5,317	3,947	5,563	11,939
Total primary government net expense	$ (6,596)	$ (1,874)	$ (12,459)	$ (12,955)	$ (21,000)	$ (28,094)	$ (24,277)	$ (26,505)	$ (24,995)	$ (16,855)
General Revenues and Other Changes in Net Position										
Governmental activities:										
Taxes										
Property taxes	$ 8,388	$ 9,034	$ 9,637	$ 11,753	$ 15,271	$ 16,261	$ 16,940	$ 17,005	$ 17,040	$ 17,356
Sales taxes	1,555	1,745	2,399	2,764	3,213	3,364	3,898	4,419	4,833	5,658
Franchise taxes	1,333	1,637	1,781	2,131	2,438	2,595	2,999	2,931	2,913	3,323
Alcoholic beverage taxes	11	13	19	30	26	22	28	24	35	68
Investment earnings	434	786	931	681	202	86	58	38	32	38
Other income	169	151	263	367	187	736	494	488	356	855
Gain (loss) on sale of capital assets	-	-	1	-	-	9	27	19	39	14
Transfers	450	450	450	500	500	500	700	750	(772)	750
Total governmental activities	12,340	13,815	15,481	18,226	21,837	23,574	25,144	25,674	24,477	28,061
Business-type activities:										
Investment earnings	940	1,246	1,337	720	147	56	32	25	24	11
Other income	-	-	-	-	-	50	136	50	144	101
Gain (loss) on sale of capital assets	-	-	-	5	-	5	-	9	-	-
Transfers	(450)	(450)	(450)	(500)	(500)	(500)	(700)	(750)	772	(750)
Total business type activities	490	796	887	225	(353)	(389)	(532)	(665)	940	(638)
Total primary government	$ 12,830	$ 14,611	$ 16,368	$ 18,451	$ 21,484	$ 23,185	$ 24,612	$ 25,008	$ 25,417	$ 27,423
Change in Net Position										
Governmental activities	$ 819	$ (1,708)	$ (1,131)	$ 2,420	$ (1,877)	$ (5,093)	$ (4,451)	$ (4,778)	$ (6,081)	$ (733)
Business-type activities	5,415	14,452	5,040	3,077	2,361	184	4,786	3,282	6,502	11,301
Total primary government	$ 6,234	$ 12,743	$ 3,909	$ 5,497	$ 484	$ (4,909)	$ 335	$ (1,497)	$ 422	$ 10,568

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

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund										
Reserved	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -
Unreserved	6,560	6,996	8,068	7,838	9,398	7,897	-	-	-	-
Committed	-	-	-	-	-	-	2,765	1,592	2,432	2,624
Unassigned	-	-	-	-	-	-	6,844	8,961	9,513	11,154
Total general fund	$ 6,560	$ 6,996	$ 8,068	$ 7,838	$ 9,398	$ 7,897	$ 9,609	$ 10,553	$ 11,945	$ 13,778
All other governmental funds										
Reserved	$ 10,379	$ 8,740	$ 2,712	$ 1,744	$ 1,723	$ 2,070	$ -	$ -	$ -	$ -
Unreserved, reported in:										
Special revenue funds	189	168	260	292	280	371	-	-	-	-
Capital projects funds	-	-	-	7,427	14,863	18,594	-	-	-	-
Restricted	-	-	-	-	-	-	18,956	12,788	11,516	6,705
Committed	-	-	-	-	-	-	50	116	164	214
Assigned	-	-	-	-	-	-	-	10	5	6
Unassigned	-	-	-	-	-	-	-	-	-	-
Total all other governmental funds	$ 10,568	$ 8,908	$ 2,972	$ 9,463	$ 16,866	$ 21,035	$ 19,006	$ 12,913	$ 11,684	$ 6,924

*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
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
2012	17,005,330	4,418,653	2,930,906	24,070	24,378,959
2013	17,040,128	4,833,364	2,913,034	35,467	24,821,993
2014	17,356,210	5,658,163	3,322,550	67,504	26,404,427

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									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Revenues										
Taxes	$ 11,287	$ 12,429	$ 13,796	$ 16,713	$ 20,770	$ 22,268	$ 23,862	$ 24,393	$ 24,794	$ 26,364
Licenses and permits	1,722	1,674	1,887	1,344	610	588	696	1,009	1,332	1,663
Intergovernmental	324	376	739	244	3,492	1,618	1,878	1,983	2,261	4,192
Fines	1,012	660	918	921	1,053	1,134	1,189	1,316	1,131	1,116
Interest income	434	786	931	681	202	86	58	38	32	38
Miscellaneous	790	1,986	1,154	2,047	3,119	2,891	1,185	1,052	835	880
Total revenues	15,568	17,911	19,425	21,951	29,246	28,585	28,870	29,792	30,385	34,253
Expenditures										
General government	$ 2,470	$ 2,743	$ 3,535	$ 4,184	$ 4,489	$ 4,581	$ 4,824	$ 4,789	$ 4,889	$ 5,880
Public safety	5,519	5,749	6,049	7,368	8,889	9,851	9,913	10,324	10,977	11,564
Public works and streets	1,843	1,733	2,234	2,682	1,910	1,787	1,841	2,722	2,725	2,889
Culture and recreation	2,158	2,259	2,453	2,904	3,174	3,226	3,251	3,239	3,634	3,771
Capital outlay	2,585	7,208	11,791	5,884	11,369	12,545	10,536	8,926	7,954	12,545
Debt Service										
Principal	1,068	1,172	1,122	1,219	1,535	1,852	2,272	2,344	2,475	2,812
Interest	1,883	1,976	2,096	2,411	2,847	3,317	3,373	3,266	3,411	3,514
Other Charges	72	93	193	333	508	502	370	78	217	145
Total expenditures	17,598	22,932	29,474	26,986	34,721	37,661	36,381	35,688	36,282	43,119
Excess of revenues over (under) expenditures	$ (2,030)	$ (5,021)	$ (10,049)	$ (5,035)	$ (5,475)	$ (9,076)	$ (7,511)	$ (5,896)	$ (5,898)	$ (8,866)

Changes in Fund Balances of Governmental Funds (cont.)

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Other financing sources (uses)										
Transfers in	$ 450	$ 450	$ 450	$ 545	$ 500	$ 507	$ 826	$ 799	$ 813	$ 809
Transfers out	-	-	-	(45)	-	(7)	(126)	(49)	(1,585)	(59)
Bonds issued	3,000	3,400	4,785	10,315	14,500	14,382	16,229	14,982	6,600	4,980
Premium on bonds issued	92	83	-	111	-	43	388	2,128	64	154
Discount on bonds issued	-	-	(50)	-	(154)	(97)	(9)	-	-	-
Payment to bond refunding escrow agent	-	-	-	-	-	(2,902)	(10,282)	(17,160)	-	-
Capital leases	-	-	-	-	-	-	-	-	-	-
Insurance Recoveries	-	-	-	6	6	29	101	28	11	41
Sale of capital assets	6	-	-	1	7	9	27	19	39	14
Total other financing sources (uses)	3,548	3,933	5,185	10,933	14,859	11,964	7,153	747	5,943	5,939
Net change in fund balances	$ 1,518	$ (1,088)	$ (4,863)	$ 5,898	$ 9,384	$ 2,889	$ (358)	$ (5,149)	$ 45	$ (2,927)
Capital Outlay including amounts reported under departmental expenditures	$ 2,025	$ 7,229	$ 11,471	$ 6,259	$ 11,211	$ 12,232	$ 9,285	$ 6,234	$ 7,558	$ 6,689
Debt service as a percentage of noncapital expenditures	18.9%	20.0%	17.9%	17.5%	18.6%	20.3%	20.8%	19.0%	20.5%	17.4%

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
2005	$1,079,861,552	$182,875,424	$88,640,105	$40,926,253	$1,310,450,828	9.28%	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	305,574,017	79,775,407	90,922,779	1,895,830,016	25.06%	0.6190	1,895,830,016	100.0%
2009	2,000,762,235	483,463,819	179,109,976	174,166,430	2,489,169,600	31.30%	0.6140	2,489,169,600	100.0%
2010	2,180,612,058	538,457,480	198,209,982	293,270,168	2,624,009,352	5.42%	0.6090	2,624,009,352	100.0%
2011	2,273,827,616	546,581,824	196,080,703	235,132,531	2,781,357,612	6.00%	0.6040	2,781,357,612	100.0%
2012	2,343,923,432	519,094,632	172,089,561	231,415,306	2,803,692,319	0.80%	0.5990	2,803,692,319	100.0%
2013	2,276,991,273	572,854,494	241,161,415	264,075,219	2,826,931,963	0.83%	0.5940	2,826,931,963	100.0%
2014	2,438,725,287	532,237,861	577,588,825	535,819,349	3,012,732,624	6.57%	0.5736	3,012,732,624	100.0%

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			Travis County Healthcare District			
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	O & M*	Debt Service	Total TCHD	Total Direct & Overlapping Rates
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	0.0000	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	0.0000	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	0.0000	0.0734	2.9273
2008	0.4236	0.1954	0.6190	0.3405	0.0811	0.4216	1.0400	0.4300	1.4700	0.0906	0.0094	0.1000	0.0693	0.0000	0.0693	2.6799
2009	0.4371	0.1769	0.6140	0.3394	0.0728	0.4122	1.0400	0.4200	1.4600	0.0937	0.0063	0.1000	0.0679	0.0000	0.0679	2.6541
2010	0.4114	0.1976	0.6090	0.3517	0.0698	0.4215	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0674	0.0000	0.0674	2.6579
2011	0.4101	0.1939	0.6040	0.3858	0.0800	0.4658	1.0400	0.4200	1.4600	0.0938	0.0062	0.1000	0.0719	0.0000	0.0719	2.7017
2012	0.3937	0.2053	0.5990	0.4085	0.0770	0.4855	1.0400	0.4400	1.4800	0.0938	0.0062	0.1000	0.0774	0.0015	0.0789	2.7434
2013	0.3946	0.1994	0.5940	0.4217	0.0784	0.5001	1.0400	0.5000	1.5400	0.0939	0.0061	0.1000	0.0774	0.0015	0.0789	2.8130
2014	0.3851	0.1885	0.5736	0.4190	0.0756	0.4946	1.0400	0.5000	1.5400	0.0942	0.0058	0.1000	0.1277	0.0013	0.1290	2.8372

* O & M: Operations and Maintenance.

Source: Travis Central Appraisal District

City of Pflugerville
Water and Wastewater Rates
Last Ten Fiscal Years

		2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
Water Rates											
Base Charge		$ 13.68	$ 13.68	$ 13.68	$ 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	$ 4.35	$ 4.35	$ 4.35
0 - 15,000	gallons	$ 4.51	$ 4.51	$ 4.51							
15,001 - 20,000	gallons	$ 4.59	$ 4.59	$ 4.59							
12,000 - 26,000	gallons				$ 4.61	$ 4.61	$ 4.61	$ 4.61	$ 4.61	$ 4.61	$ 4.61
20,001 - 25,000	gallons	$ 4.70	$ 4.70	$ 4.70							
25,001 - 30,000	gallons	$ 4.78	$ 4.78	$ 4.78							
26,001 +	gallons				$ 4.73	$ 4.73	$ 4.73	$ 4.73	$ 4.73	$ 4.73	$ 4.73
30,001 - 35,000	gallons	$ 4.86	$ 4.86	$ 4.86							
35,001 - 40,000	gallons	$ 4.96	$ 4.96	$ 4.96							
40,001 - 45,000	gallons	$ 5.05	$ 5.05	$ 5.05							
45,000 +	gallons	$ 5.14	$ 5.14	$ 5.14							
Wastewater Rates											
Base (4,000 gallons)		$ 18.50	$ 18.50	$ 18.50							
Base (3,000 gallons)					$ 18.50	$ 18.50	$ 18.50	$ 18.50	$ 18.50	$ 18.50	$ 18.50
Usage per 1,000 gallons		$ 3.72	$ 3.72	$ 3.72	$ 3.51	$ 3.51	$ 3.51	$ 3.51	$ 3.51	$ 3.51	$ 3.51
City average (new customers)		$ 33.63	$ 33.63	$ 24.76	$ 27.65	$ 30.61	$ 26.04	$ 28.30	$ 27.45	$ 28.85	$ 25.17

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

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

Source: Utility Billing Department

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

	2014			2005		
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.	$ 58,180,691	1	1.93%	$ -		-
FSC Swenson Farms LLC	27,225,000	2	0.90%	-		-
1825 Place LLC	23,570,000	3	0.78%	-		-
Oncor Electric Delivery Company	21,524,393	4	0.71%	14,872,350	2	1.13%
Wal-Mart Real Estate Business Trust	15,840,317	5	0.53%	-		-
Timmerman Terrell	13,815,794	6	0.46%	-		-
Home Depot	12,754,382	7	0.42%	-		-
Western Rim Investors 2011-1 LP	12,000,000	8	0.40%	-		-
IXIA Inc.	11,415,379	9	0.38%	-		-
Verde Meister Lane LP	9,808,428	10	0.33%	-		-
Pflugerville Covington	-		-	19,241,420	1	1.47%
Continental Homes	-		-	9,076,364	3	0.69%
Southwestern Bell Telephone Company	-		-	8,896,340	4	0.68%
H. E. B. Grocery Co.	-		-	8,685,100	5	0.66%
Heatherwilde Village	-		-	7,598,000	6	0.58%
Sun Secure Financing Houston	-		-	7,052,351	7	0.54%
Terrabrook Falcon Ridge	-		-	6,072,417	8	0.46%
T.J. Lambrecht Construction	-		-	5,364,517	9	0.41%
Albertsons, Inc.	-		-	4,758,400	10	0.36%
	$ 205,487,384		6.84%	$ 91,617,259		6.99%

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
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%
2012	13,213	4.5%	14,115	4.0%
2013	13,844	4.8%	14,728	4.3%
2014	14,651	5.8%	15,514	5.3%

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			
2005	$ 8,386,885	$ 8,348,419	$ 8,332,240	99.81%	$ 9,297	$ 8,341,537	99.92%
2006	8,945,350	8,926,348	8,845,096	99.09%	73,702	8,918,798	99.92%
2007	9,459,301	9,474,175	9,325,408	98.43%	139,097	9,464,505	99.90%
2008	11,714,211	11,668,894	11,616,369	99.55%	29,953	11,646,322	99.81%
2009	15,283,501	15,055,217	15,013,754	99.72%	16,905	15,030,659	99.84%
2010	15,980,217	16,260,264	16,129,455	99.20%	80,926	16,210,381	99.69%
2011	16,799,400	16,958,006	16,840,393	99.31%	76,601	16,916,994	99.76%
2012	16,794,117	17,042,787	16,929,307	99.33%	66,976	16,996,282	99.73%
2013	16,791,976	17,008,356	16,892,470	99.32%	39,384	16,931,854	99.55%
2014	17,189,602	17,325,352	17,245,430	99.54%	-	17,245,430	99.54%

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
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
2012	12,216,367	5,735,116
2013	12,122,244	6,136,113
2014	11,719,177	6,248,186

Source: City Financial Reports

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

	Governmental Activities					
Fiscal Year	General Obligation Bonds[1]	Certificates of Obligation	Refunding Bonds	Capital Leases	Deferred Charges[2]	Total Governmental Activities
2005	$ 17,155	$ 19,620	$ -	$ 572	$ -	$ 37,348
2006	16,780	22,379	-	-	81	39,240
2007	16,425	26,361	-	-	31	42,817
2008	16,065	35,817	-	-	138	52,019
2009	18,700	46,147	-	-	(15)	64,832
2010	15,765	55,687	2,881	-	(69)	74,264
2011	17,505	49,129	12,213	-	295	79,142
2012	5,780	43,535	26,556	-	2,375	78,246
2013	7,205	46,965	25,820	-	2,327	82,317
2014	6,555	50,786	24,817	-	2,362	84,520

	Business-Type Activities							
Fiscal Year	Revenue Bonds		Certificates of Obligation		Refunding Bonds	Capital Leases	Deferred Charges[2]	Total Business-Type Activities
	Water	Wastewater	Water	Wastewater				
2005	$ 3,958	$ 1,717	$ 47,850	$ 16,668	$ -	$ 74	$ -	$ 70,266
2006	3,653	1,568	47,217	29,341	-	-	305	82,084
2007	3,347	1,414	47,044	28,590	-	-	294	80,689
2008	3,041	1,256	46,485	28,138	-	-	284	79,204
2009	2,715	1,085	45,905	27,683	-	-	273	77,661
2010	-	-	45,303	33,765	2,639	-	236	81,943
2011	-	-	39,341	33,171	7,692	-	432	80,635
2012	-	-	1,828	18,832	54,549	-	7,047	82,256
2013	-	-	1,134	18,195	53,955	-	6,723	80,008
2014	-	-	622	17,522	53,148	-	6,399	77,691

Fiscal Year	Total Primary Government Debt	Percentage of Personal Income[3]	Per Capita
2005	$ 107,614	14.63%	3,838
2006	121,324	14.76%	4,192
2007	123,506	12.26%	3,482
2008	131,223	11.05%	3,138
2009	142,493	11.30%	3,208
2010	156,207	11.72%	3,328
2011	159,777	11.83%	3,337
2012	160,503	10.81%	3,205
2013	162,325	10.27%	3,082
2014	162,211	9.65%	2,958

[1] General Obligation Bonds include Limited Tax Bonds.
[2] Deferred charges include premiums and discounts on bonds.
[3] See the Demographics Statistics on page 90 for personal income and population data.

Source: City Financial Reports

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

Fiscal Year	General Obligation Bonds	Certificates of Obligation	Refunding Bonds	Deferred Charges[1]	Total	Less: Accumulated Resources	Net General Bonded Debt Total	Percentage of Estimated Actual Taxable Value of Property	Net Debt Per Capita
2005	$ 17,155	$ 19,620	$ -	$ -	$ 36,775	$ 736	$ 36,040	2.75%	$ 1,285
2006	16,780	22,379	-	81	39,240	785	38,455	2.73%	1,329
2007	16,425	26,361	-	31	42,817	856	41,960	2.77%	1,183
2008	16,065	35,817	-	138	52,020	1,040	50,979	2.69%	1,219
2009	18,700	46,147	-	(15)	64,832	1,297	63,535	2.55%	1,430
2010	15,765	55,687	2,881	(69)	74,264	1,485	72,779	2.77%	1,551
2011	17,505	49,129	12,213	295	79,142	1,583	77,559	2.79%	1,620
2012	5,780	43,535	26,556	2,375	78,246	1,565	76,681	2.74%	1,531
2013	7,205	46,965	25,820	2,327	82,317	1,646	80,671	2.85%	1,515
2014	6,555	50,786	24,817	2,362	84,520	1,690	82,830	2.75%	1,510

[1] Deferred charges include premiums and discounts on bonds.

City of Pflugerville
Direct and Overlapping Governmental Activities Debt
September 30, 2014

Taxing Body	Debt Outstanding[1]	Estimated Percentage Applicable[1]	Taxable Assessed Property Value[2]	Estimated Share of Overlapping Debt
Estimated Overlapping Debt:				
Travis County MUD #15	$ 9,975,000	100.00%	$ 280,573,248	$ 9,975,000
Travis County E.S.D. #2	875,000	47.67%	7,154,928,243	417,113
Pflugerville I.S.D.	539,430,000	40.77%	7,344,682,345	219,925,611
Travis County	660,879,987	2.59%	107,087,701,114	17,116,792
Travis County Healthcare District	13,240,000	2.59%	119,778,336,424	342,916
North East Travis County Utility District	18,915,000	0.27%	201,045,559	51,071
Williamson County	849,554,942	0.02%	37,144,449,100	169,911
Total estimated overlapping debt	2,092,869,929	11.85%	278,991,716,033	247,998,413
Direct Debt - City of Pflugerville	84,519,952	100.00%	3,012,732,624	84,519,952
Direct and Estimated Overlapping Debt	**$ 2,177,389,881**			**$ 332,518,365**

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 (9/30/14), and such entities may have programs requiring the issuance of substantial amounts of additional bonds, the amount of which cannot be determined.

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

City of Pflugerville
Legal Debt Margin Information
Last Ten Fiscal Years

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Debt Limit	$ 19,656,762	$ 21,130,748	$ 22,738,704	$ 28,386,617	$ 37,337,544	$ 39,360,140	$ 41,720,364	$ 42,055,385	$ 42,403,979	$ 45,190,989
Total net debt applicable to limit	2,771,049	2,993,496	3,208,483	3,646,665	4,415,609	5,169,326	5,644,637	5,610,120	5,886,306	6,325,351
Legal debt margin	$ 16,885,713	$ 18,137,252	$ 19,530,221	$ 24,739,953	$ 32,921,935	$ 34,190,814	$ 36,075,727	$ 36,445,265	$ 36,517,673	$ 38,865,638
Total net debt applicable to the limit as a percentage of debt limit	14.10%	14.17%	14.11%	12.85%	11.83%	13.13%	13.53%	13.34%	13.88%	14.00%

Legal Debt Margin Calculation for Fiscal Year 2013

Assessed value of taxable property:		$ 3,012,732,624
Debt limit ($1.50 per $100 of assessed valuation)		$ 45,190,989
2014 Annual debt service applicable to limit:		
General obligation - principal	$ 2,811,640	
General obligation - interest	3,513,711	6,325,351
Legal debt margin		$ 38,865,638

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**
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
2012	18,027,068	10,506,317	7,520,751	1,841,430	3,813,461	5,654,891	1.33
2013	18,426,637	11,414,204	7,012,433	1,928,817	3,362,355	5,291,172	1.33
2014	18,079,253	11,444,451	6,634,802	1,991,747	3,298,527	5,290,274	1.25

[1]Excludes depreciation expense

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

City of Pflugerville
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year	Population [1]	School Enrollment [2]	Total Personal Income[3]	Personal Income Per Capita[4]	Unemployment Rate[5]
2005	28,039	18,703	$ 735,350,814	$ 26,226	3.70
2006	28,939	19,696	821,954,417	28,403	3.60
2007	35,468	19,850	1,007,397,604	28,403	3.10
2008	41,817	19,696	1,187,728,251	28,403	3.90
2009	44,415	21,288	1,261,519,245	28,403	5.80
2010	46,936	22,871	1,333,123,208	28,403	5.70
2011	47,874	23,287	1,350,860,658	28,217	5.80
2012	50,081	23,251	1,484,551,083	29,643	5.00
2013	53,250	23,225	1,597,233,750	29,995	4.50
2014	54,843	23,463	1,681,157,322	30,654	3.50

[1] City of Pflugerville Planning Department.

[2] Pflugerville Independent School District.

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

[4] 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.

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

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

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

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

City of Pflugerville
Principal Employers
Current Year and Nine Years Ago

2014			2005	
Employers	**Employees**	**Percentage of Total City Employment**	**Employers**	**Employees**
Pflugerville ISD	1,564	23.4%	**Dell**	18,000
Wal-Mart	325	4.9%	**Pflugerville ISD**	1,905
City of Pflugerville	302	4.5%	**Samsung**	1,117
Mtech	260	3.9%	**Sears TeleServ**	650
HEB Grocery Co.	225	3.4%	**Compaq Computers**	500
Target	200	3.0%	**City of Pflugerville**	200
Flextronics	195	2.9%	**Austin Foam Plastics**	180
Avant Technologies	155	2.3%	**Carroll Systems**	140
Titus Systems	135	2.0%	**Albertson's**	100
Home Depot	125	1.9%	**Tinseltown USA**	100
Total	3,486	52%	**Total**	22,892

Notes: The greater Pflugerville area is included in 2005. Percentage of total employment not available for 2005 and 2014 is estimated by the Finance Department.

Source:
Pflugerville Community Development Corporation (Current Year)

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
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
2012	12,698	375	140	13,213	13,854	214	47	14,115
2013	13,303	396	145	13,844	14,456	223	49	14,728
2014	14,059	449	143	14,651	15,225	240	49	15,514

Source: Utility Billing Department

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

	Fiscal Year									
	2005	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Function										
Administration	14	15	20	24	22.5	21.5	21	23	23.5	23.5
Building Inspection	8	7	8	8	8	8	6	6	6	4
Development Services Admin *	-	-	-	-	-	-	-	-	-	5
Engineering	6	6	5	5	6	6	6	7	7	7
Fleet	2	2	3	3	3	3.5	3	3	3	3
Library	8.51	9	11	12.2	12	12.2	12	11	15	15
Municipal Court	4	4	5	5	5	5	5.5	5.5	6	6
Parks & Recreation										
Full Time	20	20	23.5	27.5	31.5	31.5	31.5	30	32	31.5
Seasonal	24.5	27.5	27.75	28.25	28.75	28.75	28.75	32	31.38	32
Planning & Development	5	5.38	6.38	7.38	7.4	7.5	7	6	7	6.5
Police Services										
Officers	51	55	58.5	68.5	87.5	92.5	94	96	98.5	100.5
Civilians	15	16	18.5	20.5	23.5	24.5	25	24	27.5	30.5
Streets	15	16	19	21	21	21	21	21	21	22
Water	18.5	18.5	18.5	18	18	18.75	19.5	20	21	23
Wastewater	15.5	15.5	16	18.5	18.5	18.75	19.5	20	21	24
Total Employees	**207.01**	**216.88**	**240.13**	**266.83**	**292.65**	**299.45**	**299.75**	**304.5**	**319.88**	**333.5**

* New function in FY 2014

Source: City of Pflugerville Budget

City of Pflugerville
Operating Indicators by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Building Inspection										
Residential Permits	693	891	566	262	386	379	460	524	650	826
Commercial Permits	7	9	45	58	45	32	28	31	34	48
Inspections Performed	30,974	42,199	29,603	12,437	13,802	13,552	14,354	17,905	20,165	25,018
Engineering										
Construction Plans Reviewed	99	100	105	75	15	10	8	18	25	36
Construction Inspections	16,500	17,400	17,100	16,954	11,700	9,040	10,080	9,721	15,000	13,024
Fleet										
Vehicle Inspections	75	87	115	113	130	116	145	118	160	117
Library										
Library Visits (000)[1]	105	155	161	159	162	165	172	199	295	444
Items Circulated (000)	183	212	216	215	253	283	294	326	358	400
Municipal Court										
Cases Filed	11,611	10,060	9,949	13,064	16,172	13,988	15,225	16,115	13,605	11,615
Warrants Issued	2,170	7,405	4,854	4,026	5,658	5,926	5,033	3,711	4,414	3,849
Parks & Recreation										
Recreation Center Members[2]	5,281	5,314	6,682	3,969	1,657	1,710	1,770	1,309	1,336	1,246
Facilities Reservations	1,045	455	339	486	525	525	540	633	736	629
Recreation Program Participants	1,300	1,515	1,663	2,714	2,629	2,670	2,596	2,633	2,809	2,555
Planning & Development										
Single Family Lots Reviewed	4,362	3,000	2,628	720	230	2,445	822	577	4,005	1,508
Subdivision Plat Applications	43	31	50	58	21	17	15	24	40	51
Zoning Applications	8	15	20	25	16	10	10	4	10	11

[1] Physical & virtual library visits

[2] Families are counted as one member beginning in 2009

Operating Indicators by Function (continued)

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Police Services										
Citations Issued	11,204	8,258	8,727	11,352	14,527	12,367	13,563	14,597	12,002	10,284
Arrests										
Felony	166	170	278	252	242	255	295	200	309	286
Misdemeanor	1,400	1,502	1,988	2,613	2,856	2,453	2,164	1,126	663	626
Calls for Service	34,113	38,915	37,766	44,423	55,032	60,746	67,003	74,391	68,518	62,790
Streets										
Miles of Streets Maintained	133	136	157	178	181	183	195	195	197	206
Water										
New Connections	730	815	814	644	442	424	433	538	631	556
Water Main Breaks	4	4	8	7	4	3	3	8	8	8
Average Daily Usage (MGD)	3.29	3.62	3.85	4.97	5.42	5.29	6.63	5.85	6.02	6.10
Wastewater										
Average Daily Flow (MGD)	2.40	2.28	3.07	3.02	2.94	3.71	3.15	3.11	2.90	3.50
Wastewater Treated (MG)	878	834	1,120	1,101	1,072	1,351	1,198	1,136	1,060	1,200
Blockages Cleared	84	116	76	73	95	76	67	81	102	110

Sources: Various government departments

City of Pflugerville
Capital Assets by Function
Last Ten Fiscal Years

	Fiscal Year									
Function	**2005**	**2006**	**2007**	**2008**	**2009**	**2010**	**2011**	**2012**	**2013**	**2014**
Fleet										
Fleet Vehicles	111	116	130	143	160	167	163	171	172	181
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	28,000	28,000
Books (000)	51	44	51	56	56	60	64	59	61	66
Parks & Recreation										
Parks	21	23	24	24	25	28	28	30	31	31
Park Acreage	400	475	485	495	520	617	674	688	709	733
Swimming Pools	2	2	2	2	3	3	3	3	3	3
Recreation Centers	1	1	1	1	1	1	1	1	1	1
Recreation Center (sq ft)	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000	22,000
Miles of Trails	13.75	17	19	20	25	27	29	31	31	31
Police Services										
Stations	1	1	1	1	1	1	1	1	1	1
Streets										
Streets (miles)	133	136	157	178	181	183	195	195	197	206
Traffic Signals	5	5	6	7	8	8	9	9	9	10
Water										
Surface Water Treatment Plan	0	0	1	1	1	1	1	1	1	1
Capacity (MGD)	0	0	15.5	15.5	15.5	15.5	15.5	15.5	15.5	20.6
Surface Water Reservoir (acre	0	180	180	180	180	180	180	180	180	180
Water lines (miles)	110	135	159	163	165	168	177	181	200	211
Wells in Operation	3	3	3	3	3	3	3	3	3	3
Wastewater										
Wastewater lines (miles)	125	125	138	140	142	180	184.3	188	191	202
Wastewater Treatment Plants	2	2	2	2	2	2	2	2	2	2
Capacity (MGD)	3.3	3.3	5.6	5.6	5.6	5.6	5.6	5.6	5.6	5.6

Sources: Various government departments.